

15-01-82



INTERNATIONAL

# Herald Tribune



Published with The New York Times and The Washington Post

No. 30,793

\*\*\*

PARIS, FRIDAY, FEBRUARY 19, 1982

Established 1887

## Salvadoran Admits to Battle At Site of Alleged Massacre

By Juan M. Vasquez  
Los Angeles Times Service  
SAN SALVADOR — Defense Minister Gen. José Guillermo García has conceded for the first time that government soldiers fought a battle last December around the village of Morote, where leftist rebels claim that a massacre took place.

Insurgent sources and the rebel radio station have said that government troops killed about 1,000 civilians in the village during a sweep of Morazan province, a rebel stronghold.

Gen. García also declared in an interview Wednesday that it is in the United States' interest to provide its country with military aid. "El Salvador could be another Nicaragua," he said, "and if El Salvador falls, so will Central America."

"It is not true that there was a massacre or some such abuse," he said.

An official of a Western embassy had said that there was no evidence of bomb hits in the area of the village, but that the houses had been wrecked by what could have been shots fired through the front doors by recoilless rifles or by explosives being thrown into the buildings.

Reporters who went to the village with the aid of rebel forces said the tile roofs of the houses had collapsed on the bodies inside. They also reported seeing no traces of bomb hits.

On other matters, Gen. García:

- Confirmed reports that Argentina may join forces with El Salvador to stave off the prospect of a leftist victory.
- Indicated that the military has arrested some of its own members as part of an investigation of possible sabotage at the nation's main military airfield last month.
- Disclosed that a handful of military officers who were forced to retire because of reactionary sentiments after the coup of Oct. 15, 1979, have been allowed to rejoin the armed forces.
- The issue of Argentine military advisers arose two weeks ago when congressional sources in Washington said that Argentina, with secret U.S. aid, had sent about 50 paramilitary personnel to Central America to help train Nicaraguans fighting to overthrow Nicaragua's Sandinista government.
- An Argentine presence in Central America was variously reported as being in Nicaragua itself, in El Salvador or in Honduras. There were also reports in Washington that the United States had decided to encourage other nations to aid El Salvador's battle against Marxist-led guerrillas.
- It is believed in El Salvador that use of other nations' military forces would ease the political pressure that would otherwise surround the military.

He disclosed that the military command had ordered members of the security forces not to vote in the March 28 elections, so as to demonstrate the impartiality of the military.

The interview took place a few hours after Gen. García met privately with Lt. Gen. Wallace H. Nutting, head of the U.S. Southern Command in Panama. He would not disclose the contents of his talk with Gen. Nutting, the key U.S. military officer in Latin America.

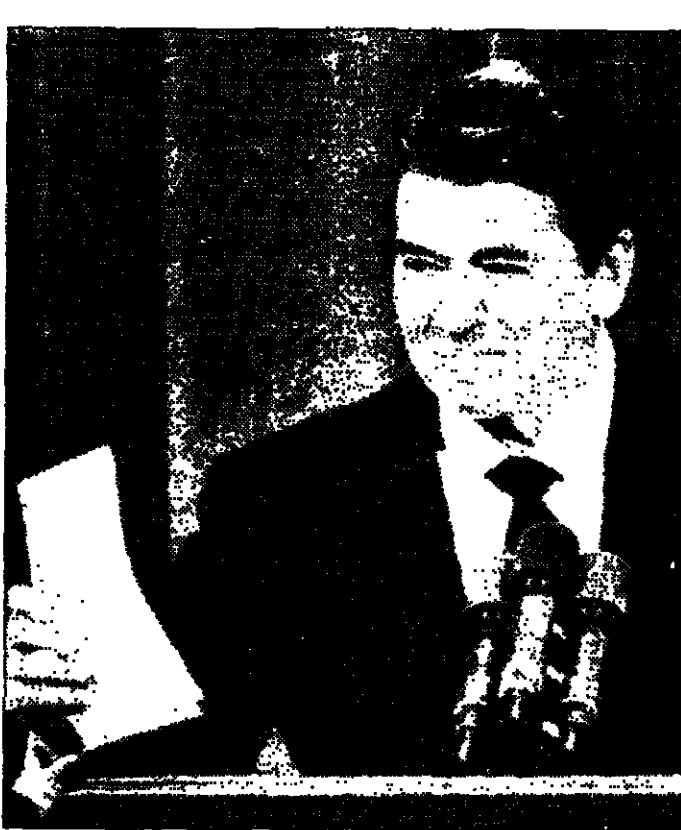
Gen. García said military aid to El Salvador "is very important for the United States, because, like it or not, the battle in El Salvador will have military repercussions outside the country."

He added, "It is better to give us aid now than later. Now is the moment. We warned the North Americans months ago about Nicaragua, and they paid no attention."

United Press International reported Jan. 28 that Gen. García had denied knowledge of a military operation by government soldiers in Morote. He said Wednesday that he had never denied that an operation took place, but that he had simply said no military sweep was under way when he was asked the question in January.

Conceding that a battle took place in and around Morote, Gen. García said, "All I can say is that there were a lot of people killed, but not in the way or in the quantity that the subversives allege."

He stated that the village had been the target of "aerial bombardment," saying this might have been heavy artillery or bombs dropped from an airplane.



President Reagan greeted reporters Thursday at the White House as the eighth news conference of his presidency began.

## Reagan Insists Policies Will Heal U.S. Economy

WASHINGTON — President Reagan said Thursday that high interest rates pose "the greatest single threat" to the U.S. economy but insisted that his embattled tax and budget programs will pull the nation from recession.

The president also declared during a news conference that he has "no plans to send American combat troops into action" in El Salvador or anywhere else around the world. He declined to spell out, however, the U.S. options for support of the ruling Salvadoran junta, which is besieged by leftist guerrillas.

Mr. Reagan said: "I just don't believe that you discuss those options of what you may or may not do," because that would reduce U.S. leverage.

Asked if there are any circumstances under which he might use U.S. troops, Mr. Reagan said: "Well, maybe if they dropped a bomb on the White House I might get mad."

The president opened his eighth news conference by announcing that he will name a panel of private citizens to "search out waste and inefficiency" in the government.

"This will be the largest effort of its kind ever mounted to save tax dollars," Mr. Reagan said. He said members of the volunteer panel will be named within a few days.

Mr. Reagan also:

- Defended his nomination of the Rev. B. Sam Hart, a religious broadcaster from Philadelphia, to the Civil Rights Commission. "I'm quite confident about his ability," Mr. Reagan said, responding to criticism of Mr. Hart's position on equal rights for women and busing. "He is not against equal rights.... He just happens to be opposed to the ERA — the proposed Equal Rights Amendment, which Mr. Reagan also opposes."
- Said he does not see any parallel between U.S. involvement in Central America and the situation in Southeast Asia at the time the United States was entering the Vietnam war.
- Said he would use a grain embargo as a foreign policy tool "only as part of an across-the-board embargo."
- Contended that "there is widespread support for continued cutting of government spending" and "for strengthening national security."
- Refused to comment on whether the Soviet Union may have introduced offensive weapons in Cuba in violation of an understanding dating from the Cuban missile crisis. The subject is "under review and discussion," he said.

Mr. Reagan said the increase in the prime lending rate at major banks to 17 percent from 16½ Wednesday reflected concern that the Federal Reserve Board might ease monetary policy and that the administration might tolerate ever-higher budget deficits. The president's fiscal 1983 spending plan projects a deficit of about \$91.5 billion.

He said the Federal Reserve and the administration will work together to produce monetary and fiscal policies that should quell concerns in the money markets. "I will devote the resources of my presidency to keeping deficits down over the next several years," he said.

However, he also said he would not compromise on his call for an 18-percent increase in military spending next year, a portion of his budget that has become a prime target for congressional critics of both parties.

Mr. Reagan left open the possibility of compromise on parts of his budget proposal, saying that if congressional opponents "come up with some specific suggestions... we'll take a look at it."

He reiterated his conviction that his economic policies will lead to recovery from the recession, but added, "I'm just not going to be pinned down on a date" for a recovery.

Asked what steps he might take in addition to current U.S. military aid and advice for El Salvador,

## Focus of Geneva Arms Talks: Public Opinion

By John F. Burns  
New York Times Service  
MOSCOW — The United States and the Soviet Union have dismissed each other's opening bids in the European missile negotiations, leaving the impression that the talks are hopelessly bogged down after only 10 weeks.

The fact is that the proposals put forward by President Reagan and by President Leonid I. Brezhnev are very far apart. There are reasons to believe that both sides are basically concentrating for the moment on the battle for public opinion in Western Europe and that they may yet find more common ground at the negotiations in Geneva.

In their opening moves, both the Soviet and U.S. leaders urged deep weapons cuts. Although the detailed proposals appeared to be fashioned for maximum impact on a Western European public eager for a lowering of the nuclear confrontation, and with scant regard for what the other side was likely to accept, the willingness of Washington and Moscow to contemplate major surgery on their nuclear arsenals may eventually give impetus to the talks.

Sudden Departure

Five years ago, when President Jimmy Carter sent Cyrus R. Vance, who was then Secretary of State, to Moscow with a proposal for deep cuts in strategic arms, Mr. Vance barely got a hearing. The Soviet leaders, jarred by the sudden departure from previous U.S. strategy, sent Mr. Vance packing.

The Russians dismissed his proposals as a ruse to obtain advantage, and when negotiations resumed they focused on more modest goals. Ultimately, the second treaty to limit strategic arms — those of intercontinental range — fell victim to other strains in U.S.-Soviet relations, but some diplomats believe that the Vance initiative may have prompted Soviet strategists to give serious thought to the benefits of deep cuts.

Although Soviet news organizations have been promoting ambitious proposals for the elimination or reduction of nuclear weapons for many years, Soviet negotiators have generally taken a more cautious approach. Recently, however, more than one American visitor has been told that the Soviet leadership regrets having rejected the Vance proposals without fuller consideration.

There could be several reasons. One is Mr. Reagan's weapons program, which appears to have persuaded the Kremlin that it is headed for a new arms race unless new limits are negotiated. Compounding this is the appalling state of the Soviet economy, which makes any further shift of resources to the military sector painful for Soviet leaders.

In the Geneva talks on medium-range nuclear weapons in Europe, there are additional grounds favoring realism. Although the Western European nations were vitally con-

cerned in the negotiations on strategic arms, they were not as directly involved as they are in the outcome of the talks on medium-range missiles that would be targeted on European capitals.

These pressures had much to do with Mr. Reagan's espousal of the "zero option" proposal that the United States formally presented in Geneva. The proposal envisages the abandonment of a Western alliance plan to deploy a new generation of U.S. medium-range missiles in Europe in return for the Soviet Union's dismantling of the missiles it has already deployed.

Mr. Brezhnev countered with the proposal that the United States cancel plans for its new deployment in return for a pact that would cut existing stockpiles of medium-range weapons in Europe by a third at the end of 1985 and by two-thirds at the end of 1990.

No Western Counterpart

Since the two proposals are based on conflicting premises, they are a minefield of potential disadvantage for the other side. Mr. Brezhnev maintains that the armies of East and West in medium-range weapons are at parity, each with about 1,000 nuclear systems. Mr. Reagan puts the count for the Soviet Union at 3,825 and for the United States at 560. The difference lies in the mix of bombers and missiles that are counted.

The core of the U.S. case is that the Russians, by deploying 250 SS-20 missiles in the

## Schmidt Sees a Danger Of European Instability

By John Vinocur  
New York Times Service  
BONN — Chancellor Helmut Schmidt contends that Western European society is in danger of political and social "destabilization" as a result of the world's current economic crisis.

The United States has not fully understood this, he said in an interview Wednesday. He also criticized the projected U.S. budget deficits as being likely to lead to higher interest rates, worsening economic problems for the rest of the world. If significant steps are not taken in the next two years, Mr. Schmidt warned, every nation could fall into depression.

Mr. Schmidt recommended a better-balanced budget in the United States and said that the best method to achieve that would be to cut spending, raise taxes or apply a mixture of the two.

"Europe is in greater danger than the Americans have understood so far," he asserted. "The fabric of the economy and the society is endangered by the deepest recession since the 1930s."

The threat, he said, is building "from quarter to quarter. What I fear is economic and social, and therefore political, unrest: political destabilization as a consequence of economic destabilization."

Unemployment in West Germany, 8.2 percent last month, is the highest in more than 25 years, and the British and French jobless levels surpass those in West Germany. Mr. Schmidt's government has agreed to set up a \$4.5-billion job-creation program, even though many of his country's economists and industrialists are skeptical about its success.

A New Warning

Mr. Schmidt's expression of concern about the U.S. economy's effect on Europe has been consistent over the past months, but his warning about consequent political instability was new. He complained also that the Americans were focusing too much on foreign political dangers and neglecting the economic ones.

Asked if he were calling on the United States to reduce its deficit, Mr. Schmidt replied, "That's exactly what I have in mind."

Did he prefer cutting defense spending or raising taxes? "You need not necessarily have to choose between those two alternatives," he said. "The first alternative would have to be articulated in a more general way: Cut spending, not just defense spending. Or do not enlarge your expenditure in that way in which some states have done it. Or raise taxes. Right?"

"Right now the richest economy in the world is at the same time the greatest importer of capital. This is an unhealthy state. Some of the capital we don't even need, it's not being invested. It's being put into New York because of the high interest rates. The high interest rates not only harm your economy; they harm the rest of the world even more."

Mr. Schmidt did not refer to any possible miscalculations of his own or to the structural problems of West Germany as major causes of his country's difficulties.



Helmut Schmidt

with calls for a moratorium on deployment and creation of zones free of atomic weapons in Europe. The issue will be debated at a special party congress in April.

Mr. Schmidt was asked if he could repeat to the party congress his remark of November that the missiles would be deployed in West Germany if there were no concrete results by the end of the summer of 1983 in the current arms limitation talks between the United States and the Soviet Union.

"Yes, certainly," Mr. Schmidt replied. "Anybody ought to be sure that they will be deployed." He said he had told this to Leonid I. Brezhnev, the Soviet leader, last year.

He brushed aside suggestions that his party was rebelling against him with the remark that "what happens in parties is something else than what happens in governments."

Addressing Americans, he quipped, "You have to count on me. I pity you that you have to reckon with me, but you have to."

Mr. Schmidt also discussed what has been called a growing isolationism in the United States, including talk of withdrawal of U.S. troops from West Germany and the perception of some Americans that Western Europe does not want to be defended.

'An American Fantasy'

"That's ridiculous that Europe doesn't want to defend itself," he said. "This is an American fantasy. Of course they want to defend themselves and are willing to defend themselves."

He acknowledged that isolationism emerged from time to time in the United States, but added, "In the final analysis, the Americans will have to decide that question by themselves. And they will, I trust, not decide it in a negative way. They have never done and will never do so. It's in their own interest."

## Deng Appears Again After 37 Days

By Christopher S. Wren  
New York Times Service  
PEKING — The Chinese leader Deng Xiaoping emerged Thursday after an absence of 37 days and declared that a serious and steady way to streamline the bloated state bureaucracy.

Mr. Deng, whose last reported engagement here was on Jan. 12, appeared at a meeting and subsequent luncheon with Prince Norodom Sihanouk, the exiled Cambodian ruler.

In reporting Mr. Deng's reappearance, the Chinese press agency said that he had acknowledged that there was speculation abroad about his long rest.

In an evident refutation of rumors about an internal power struggle, Mr. Deng was quoted as saying that China was enjoying unprecedented stability.

In reappearing at a luncheon for Prince Sihanouk, Mr. Deng selected an occasion that underscored his dominant role in charting China's foreign as well as domestic policy.

China agreed last week to host a meeting of the three principal guerrilla groups in Cambodia which have been asked by other Southeast Asian nations to form a united front against the Vietnamese-backed government in Phnom Penh.

Alluding to this, Mr. Deng was quoted as saying Thursday that "I hope that the leaders of the three parties in Cambodia resisting the Vietnamese aggression will meet soon, persist in unity and achieve positive results."

Mr. Deng's reappearance was highlighted as the first news item this evening on Chinese television. The Chinese leader was shown embracing Prince Sihanouk in the Great Hall of the People, receiving a basket of flowers and engaging in animated chatter.

Many foreign diplomats and journalists in Peking had discounted the rumors that Mr. Deng was ill or had been pushed into retirement by critics. But curiosity about his whereabouts has been intense at times.

Drive Against Corruption

Chinese officials had contended that he was touring in southern China. Subsequent reports from Hong Kong placed him in Canton, where an anticipated nationwide drive against corruption appears to have started.

On Feb. 6, a deputy premier, Wan Li, told of British visitors that the 77-year-old Mr. Deng had withdrawn from the first line and (Continued on Page 2, Col. 6)



Deng Xiaoping, right, accepts a basket of flowers from Prince Norodom Sihanouk at a Peking reception marking Mr. Deng's reappearance in public after an absence of more than a month.

## Citicorp Escapes U.S. Legal Action on Currency Dealings

By Jeff Gerth  
New York Times Service  
WASHINGTON — The Securities and Exchange Commission last month declined to bring a civil action against Citicorp despite staff findings that the bank's top management had directed a scheme for seven years that had circumvented and at times violated other countries' tax and currency laws, according to SEC documents and government officials.

The SEC's enforcement staff had recommended the civil action. After a three-year investigation, the enforcement staff concluded that between 1973 and 1980 at least \$46 million in profit from currency transactions had been improperly shifted from the bank's branches in Europe, where taxes are high, to branches in the Bahamas, where taxes on profit are much lower.

These shifts were often accomplished through convoluted transactions, the staff charged. If, for instance, the bank's branch in London sold Deutsche marks at an artificially low rate to a Bahamas branch, the effect would be to reduce the London branch's profit and increase the earnings registered in the Bahamas.

Back Taxes and Penalties

According to the staff, these shifts were purposely concealed from authorities abroad with the "direction" and "approval" of the senior management of Citicorp,

the second-largest U.S. bank holding company and the largest foreign exchange dealer in the world.

The SEC staff report said authorities in Switzerland, France and West Germany had asserted that Citicorp violated currency-control laws and tax laws and paid more than \$11 million in back taxes and penalties. An Italian investigation apparently is continuing.

Citicorp, in a written statement issued in response to a reporter's questions about the staff findings, said that throughout the various investigations, the bank "has maintained, and we believe proven, that its foreign exchange trading practices and procedures were basically proper."

The statement cited the complexity of international tax laws and said that "nearly four years ago" the bank "ordered changes in procedures wherever we felt there was any dispute" and "reallocated profits among several currency operations, where earlier allocations had been questioned or might be open to question."

The SEC documents indicate that the commission, in declining to take steps against Citicorp, apparently accepted the views of certain staff officials, including John M. Fedders, the newly appointed chief of the enforcement division. These officials did not dispute the evidence presented by the enforcement staff but described the violations as insignificant and harmless.

Further, they contended, because Citicorp had never represented to stockholders or investors that its senior management had "honesty and integrity," it had no legal duty to disclose breaches of these qualities.

'Standard Business Judgment'

These SEC officials also argued, according to documents used by the commission, that Citicorp's pursuit of profit it knew to be probably unlawful was "reasonable and standard business judgment."

The commission's decision, made in a closed meeting, has dismayed some current and former commission officials. They said the Citicorp case shows that the Reagan administration's philosophy of reducing regulation is turning the commission away from its statutory duty to protect investors and toward protecting the interests of the publicly held corporations that it regulates.

The Citicorp case, these officials say, represents an abrupt reversal of the SEC's belief in the 1970s that disclosure of questionable payments by corporations, even when the amounts were small, was vital because it addressed the issue of management integrity.

The critics, who are still in the government and asked that they not be named, point to the evidence uncovered during the investigations — which they consider as yet unrefuted — and to what they



Walter B. Wriston

say is an abdication of the agency's responsibility to enforce basic standards of honesty.

The SEC documents make these charges:

- Citicorp covered up what it knew were unlawful transactions by using "thousands of false documents" to maintain an "appearance of legality."
- Walter B. Wriston, chairman and chief executive officer of the bank, authorized and approved a 1975 bank survey that devised the system whereby the bank's foreign exchange traders in Europe could violate local laws while appearing to comply. The survey called for "off-book" disguises of transactions because disclosure would result in "tax claims and penalties."
- In 1977, after a Citicorp employee, David Edwards, expressed suspicions about some of the transactions, the bank changed documents and accounting procedures to further mislead government authorities. Mr. Edwards, who was unaware of the extent of the scheme or the efforts of senior management to hide it, was dismissed in 1978, one week after complaining to Citicorp's board. Mr. Edwards said then that the bank had told him he was being dismissed because he had acted "in a manner that is detrimental to the best interests of Citicorp."
- A public report in November, 1978, by Citicorp's lawyers, which basically exonerated Citicorp, was false and misleading, and a continuation of the bank's efforts to mask the transactions.
- Mr. Fedders, a corporate attorney who replaced Stanley Sporkin last summer as head of the SEC's enforcement division, argued against action in the Citicorp case partly because he did not believe that a corporation that violated tax and exchange laws "is a bad corporation."
- The chairman of the commission, John S. Shad, citing SEC rules that prohibit his discussing confidential investigations, declined to talk about the Citicorp case. Mr. Shad made some general comments praising the staff, but he added that the commission itself was the ultimate authority and that there was nothing untoward about rejecting staff recommendations.
- In the past Mr. Shad, who became chairman last spring after serving as vice chairman of E.F. Hutton Group Inc., a brokerage, has said he wants to lessen the amount of negative information corporations have to disclose and to concentrate enforcement on individual stock manipulators. Mr. Shad has emphasized the commission's role in "capital formation."
- The enforcement staff contended in the report that Citicorp had made "false and misleading" disclosures about its foreign exchange business and internal controls, and recommended that the SEC initiate a public proceeding to determine the adequacy of Citicorp's

disclosures under U.S. securities law. Had the commission approved the staff's recommendation, the main result probably would have been an embarrassing public disclosure of the staff's findings.

Mr. Fedders, in the commission's report, went against his staff's recommendation and urged (Continued on Page 5, Col. 1)

### INSIDE

#### Pipeline Break

The U.S. Chamber of Commerce has broken with hard-liners in the Reagan administration over their effort to delay or block construction of the Soviet natural gas pipeline to Europe. Page 3.

#### Steel Ruling

The U.S. International Trade Commission has ruled that the government should continue to investigate charges that foreign steelmakers are selling products in the United States at illegally low prices. Page 7.



## Mexico Reported to Train a Force To Defend Its South and Oil Fields

By Marilee Simons  
Washington Post Service

MEXICO CITY — Mexico has begun training a 4,000-man quick-reaction force to defend the country's southern border and oil fields against the possible intrusion of Central America's turbulent guerrilla wars, according to official sources here.

The force is the latest stage of an effort to expand and modernize the Mexican armed forces, which past governments have kept deliberately small and relatively powerless.

Over the past three years, the army has grown by 25 percent to 120,000 soldiers. In August, the first six of 12 F-5 jet fighters are due for delivery from the United States, and about 100 Mexican personnel are receiving U.S. training on the planes. The sale of the planes originally was opposed by the Carter administration on the basis of longstanding U.S. policy against the introduction of advanced aircraft into the region, but it eventually approved the sale.

The \$110-million deal will provide a substantial boost for Mexico's antiquated air force and provide the first major step beyond the military requirements considered necessary to maintain internal order.

### Other Purchases

Mexico also has purchased at least 40 Mopar anti-tank vehicles from France and ordered about 60 Fiat planes from Switzerland. Although the single-engine planes normally are used as trainers, sources close to the Mexican military said these will be armed for possible combat purposes.

The government reportedly is shopping in the United States for a radar air-defense system.

Both civilian and military officials here are becoming convinced that Mexico cannot escape the shock waves from the south. Informed sources here said the quick-reaction force will have the capacity to respond to a crisis anywhere in Mexico within hours. In particular, it could quickly reinforce troops stationed in the southern Mexican states bordering Guatemala should that country's escalating guerrilla war spill over the frontier.

Although Mexican foreign policy has tended to be supportive of guerrilla movements in Nicaragua and El Salvador, Mexican officials are known to be increasingly concerned about the situation in Guatemala. The government now estimates that since December, as many as 2,000 Guatemalans a week have sought refuge in the south.

Authorities, fearing that Mexico will become a base for Guatemalan guerrilla activities, or that the Guatemalan military will cross the border in pursuit of the rebels, have increased their patrols in the difficult jungle region. Occasional reports of arms smuggling via

Mexico into Guatemala have not been confirmed.

According to one source, the purpose of the force is twofold: "To act against a professional army in a regular war, and to operate in irregular, guerrilla warfare." The force will be distributed at air bases throughout the country, and will have a capacity "to be at the oil fields within three hours."

Training now under way includes jungle exercises, paratrooper tactics and the use of radar. Although the Mexican military operated successfully against a large rural guerrilla group in the state of Guerrero in 1973 and 1974, it has not had to confront a major enemy inside or outside the country for decades. Mexico has long recognized it cannot defend itself against the United States, and does not seriously contemplate attacks from any of its smaller neighbors.

At the same time, sources familiar

with military strategy say the country's oil fields cannot be defended from sabotage or from surprise attacks.

But sources who know the thinking of the Mexican military say that the creation of the reaction force and the general military buildup are partly a matter of pride and prestige, and partly a reaction to a sense of uneasiness as turmoil in the region grows.

An official who discussed the force said it was not expected to affect the now-established Mexican tradition of separating the military from politics.

In private, Mexican politicians frequently comment that Guatemala, with whom Mexico has tense relations, has much smaller but better and more experienced military forces than Mexico, and that, while Mexico has become an oil power, with reserves the third largest in the West, its military has not grown accordingly.

## Reagan Will Deliver Speech on Caribbean Tuesday at OAS

By Bernard Gwertzman  
New York Times Service

WASHINGTON — President Reagan plans to deliver his long-awaited speech on improving the well-being of the Caribbean area Tuesday to the Organization of American States, according to White House officials.

Although the administration is deeply concerned about the continuing civil strife in El Salvador and other countries, and alleged Cuban and Soviet-sponsored subversion in the region, a White House official described the latest draft of the speech Wednesday as "98 percent" devoted to economic programs.

Mr. Reagan is expected to work on the draft this weekend, and he may include some tough language on Cuba and Nicaragua, as reportedly recommended by the State Department, but it seems more likely that he will use another forum to express those concerns.

Officials said the so-called Car-

ibbean Basin plan includes provisions for allowing countries in the Caribbean, Central America and northern South America a virtually tariff-free market in the United States, except for textiles. In addition, Mr. Reagan is expected to ask Congress for \$300 million to \$350 million in emergency economic assistance for this fiscal year, with about a third going to El Salvador and a third to Costa Rica.

### International Backing

With elections for a constituent assembly in El Salvador only six weeks away, the administration is trying to stimulate international backing for the hard-pressed government of President Jose Napoleon Duarte. The State Department on Wednesday welcomed a decision by the OAS to send three observers to monitor the elections.

Mr. Reagan met at the White House on Wednesday with Premier Wilfried Martens of Belgium,



RIG DISASTER — A lifeboat from the oil rig Ocean Ranger, which sank in the North Atlantic early Monday, was brought to St. John's, Newfoundland, as was the body of one of the 84 crewmen killed. A ship carrying diving bells was to leave Thursday to search for the Ranger and clues to its sinking, and two other oil rigs were ordered towed in for inspection.

who was visiting as president of the European Economic Community, to talk about economic problems. After their meeting, Mr. Reagan said they also "found great agreement and support with regard to our position in El Salvador and a recognition of what is at stake there."

Later, a Belgian official said that Mr. Martens, a Christian Democrat, indicated backing for the Salvadoran elections, which are being boycotted by guerrilla forces. The United States would like the EEC to send observers to the elections.

The components of the administration's Caribbean plan are expected to face difficulties in Congress. The removal of tariffs is sure to be challenged from sugar-growing states, for instance, and labor unions are not expected to support imports based on less expensive labor from the region.

In addition, debate is growing on Capitol Hill on whether additional aid should be given to El

Salvador, because of allegations that the Salvadoran military and police have carried out large-scale violations of human rights.

Rep. John P. Murtha, Democrat of Pennsylvania, who flew to El Salvador and Nicaragua last week as the special representative of House Speaker Thomas P. O'Neill Jr., said Wednesday that he found the Salvadoran government in a "critical situation" that warranted additional U.S. aid.

"Every single person I talked to came to the conclusion as long as there is Communist aid coming in to the other side, it is absolutely essential that American aid continue to El Salvador," Rep. Murtha said on NBC-TV. "I don't think we can quit unless we want to let El Salvador go down the drain."

Sen. Patrick J. Leahy, Democrat of Vermont, who was in El Salvador at the same time, said that a military solution there was impossible and that U.S. aid should continue until after the elections. "But

I think that after the elections we are going to have to have a major reassessment of the situation," he said on an ABC-TV program.

Secretary of State Alexander M. Haig Jr., who has refused to rule out the possibility of U.S. combat forces being introduced into the region, said on public television Tuesday night that Mr. Reagan "has already reassured the American people repeatedly that there are no current plans under way for the deployment or utilization of American military forces in Central America." But he said it was "self-defeating" to rule anything out.

When asked about the view of Defense Secretary Caspar W. Weinberger that the American public would not support military intervention, Mr. Haig said that "the conduct of American foreign policy cannot be the lowest common denominator of the populist view of our people."

## Israeli Again Hits at Press Over Lebanon

New York Times Service

JERUSALEM — Zev Chafetz, the director of Israel's Government Press Office, has criticized The New York Times for deleting from an interview his criticisms of the paper for not reporting the detention last summer of two of its correspondents by a Palestinian faction in Lebanon.

In the interview, published Sunday in The Times, Mr. Chafetz cited several incidents in asserting that threats and violence by Palestinians and Syrians intimidated American and European news organizations. The Times story was among his examples.

The interview containing his criticisms of the paper was published Feb. 10 in The International Herald Tribune. The references to The Times, however, were not included in the article as published in The Times.

Mr. Chafetz, calling the deletions self-censorship, has been distributing photocopies of the two versions of the article to Israeli and foreign journalists in Jerusalem, pointing out the two sentences that appeared in The Tribune but that were deleted from The Times.

One sentence read, "Mr. Chafetz, who is American-born and has close friendships with many foreign correspondents in Jerusalem, made explicit criticisms of The New York Times, The Washington Post, the BBC and ABC-TV."

The other sentence said, "Last summer, several American reporters in Beirut, including those from The New York Times and The Washington Post, were seized by a left-wing faction of the PLO, held for a number of hours and threatened and frightened, and this didn't get any coverage," Mr. Chafetz complained.

Craig R. Whitney, deputy foreign editor of The New York Times, said the incident occurred late one night in July when five correspondents, including two from The Times, were stopped at a roadblock manned by a leftist faction of the Palestine Liberation Organization while the journalists were attempting to check reports of an Israeli amphibious landing south of Beirut.

The correspondents were detained until they could identify themselves the next day, when they were freed. "It is the policy of The Times to report difficulties encountered by its correspondents in the course of reporting only when the difficulties themselves become news," Mr. Whitney said, "and we did not consider this such a case, then or now."

At least one official hinted that authorities may be thinking of using the buildings to detain priests in isolation from other interned Poles, they said.

Disclosure of the reports followed an announcement by the Polish government that at least 3,500 people had been arrested this week in a nationwide crackdown on suspected martial law offenders.

The West German sources said Polish priests suspected of having sympathies with Solidarity were likely to be the first to be arrested.

They quoted a Polish churchman as saying: "It's a matter of time before they take action against us."

## Getting Pregnant Is More Difficult Over Age 30, French Study Shows

Washington Post Service

WASHINGTON — A study released Thursday has discouraging news for women who delay having children: It documents a significant decline in the ability to get pregnant after the age of 30.

In the largest research project of its kind, scientists found that difficulties in conceiving are "slight but significant" among women in their early 30s and "marked" after 35.

Although it has long been assumed that fertility diminishes with age, it has been difficult to document whether this represents a true biological change or a decrease in sexual activity. The degree to which male reproductive potential plays a role has also complicated earlier studies.

The study, conducted in France by two Yale researchers, got around these difficulties by following more than 2,000 women whose husbands were sterile and who had been artificially inseminated.

The team found that the success rate of impregnation after 12 cycles of insemination — roughly a year — was about 73 percent for women 25 and under, and slightly higher for those 26 to 30. But among women 31 to 35, there was a drop to 61 percent, with the success rate down to 54 percent for those over 35.

The study has important implications because of the increasing number of women who have children at later ages. "Perhaps the third decade should be devoted to childbearing and the fourth to career development, rather than the converse, which is true for many women today," said an editorial accompanying the study results in the New England Journal of Medicine.

## Church Reported to Suspect Poland Will Round Up Priests

New York Times Service

BONN — Concern is mounting in Poland's Roman Catholic Church that the government may soon seek to curb church influence through wide-scale arrests of priests and other measures, informed church sources in West Germany said Thursday.

The sources, who declined to be identified, said they had information that Polish security authorities had already drawn up lists of priests who would be detained in such a crackdown.

They said they had been told that preparations were being made to discredit the church by using secretly tape-recorded sermons that had been edited to sound like declarations of loyalty to the leadership of Gen. Wojciech Jaruzelski.

[The martial law authorities renewed their attack Thursday on the clergy, accusing some priests of reviving "old sources of conflict,"

the Associated Press reported from Warsaw.]

[The attack came in a Radio Warsaw commentary that was broadcast Wednesday and Thursday. It accused some "lower Catholic clergy" of reviving the "old sources of conflict," which it identified as "the issue of religion and religious symbols in public places, state institutions and schools."

[It said those conflicts had been "resolved by law over 20 years ago after much public discussion. Yet it appears that attempts have again emerged to revive" them. The radio also criticized the church for speaking out against the internment of leaders of the independent labor organization Solidarity, the AP reported.]

The West German Catholic sources, who have been in contact with the Polish church officials, intellectuals and members of Solidarity, said they were told that 600 East German security men were sent to Poland to help when martial law was imposed Dec. 13.

The East Germans were involved in editing tapes, tapping telephones and setting up a communications network for use by the authorities, the sources said.

Visits Reported

The sources said the church leaders were concerned about reports that Polish security men had recently visited monasteries and other Catholic institutions in Poland.

At least one official hinted that authorities may be thinking of using the buildings to detain priests in isolation from other interned Poles, they said.

Disclosure of the reports followed an announcement by the Polish government that at least 3,500 people had been arrested this week in a nationwide crackdown on suspected martial law offenders.

## Guatemala Says Rebels Killed 53 in Village

The Associated Press

GUATEMALA CITY — The Guatemalan Army has reported that leftist guerrillas killed 53 Quiché Indians in a village while trying to collect a "war tax."

The bodies of the victims were found completely hacked and with their throats cut by machetes, an army communiqué said Wednesday. It said 28 men, 11 children and 14 women — five of them pregnant — were killed Monday in the village of Chumuc in northwestern Guatemala.

The communiqué attributed the slayings to "an undetermined group of terrorist Communists in the village Chumuc, whose residents informed that groups of rebels constantly made incursions in the area to ask for what they call a 'war tax,' which consists of food supplies, medicine, as well as the forcible recruitment of young peasants."

The army's contention that guerrillas were responsible for the slayings could not be confirmed independently.

Patrols were sent out to hunt for the guerrillas, the army said.

Officials had said earlier that the

## British Rail Yields On a Pay Issue, Ending Walkouts

Reuters

LONDON — A series of one-day strikes by British train engineers ended Thursday as union officials agreed to an immediate pay increase for workers.

British Rail had refused to pay the rail workers' agreed 2.5 percent raise unless the union accepted a new form of flexible work rosters designed to increase productivity.

The dispute was stalemated until an independent inquiry put forward a peace formula Tuesday that lent support to the case of the engineers' union.

The settlement was reached after 13 hours of union-management talks when British Rail accepted the inquiry's findings and agreed to pay the increase immediately. The drivers held daylong strikes, recently three a week, throughout the six-week dispute.

## Aide Admits Battle Fought

(Continued from Page 1)

round the Reagan administration if U.S. ground forces were introduced in large numbers.

"There are none at the moment," Gen. Garcia said when asked about Argentine advisers in El Salvador. "But it is not a remote possibility that there might be. Our relations with Argentina are excellent.... I believe it is logical to think that, if it were to become necessary, we could go to them for help."

### Inside Help

He confirmed reports that military officials suspect that insurgents who carried out a devastating attack on the military airfield of Tegucigalpa in late January had inside help.

"There is an investigation, so you can assume that someone is under arrest but perhaps only provisionally, temporarily, while an investigation is carried out," Gen. Garcia said.

On the matter of the reinstated reactionaries, Col. Adolfo Mijangos, an ousted progressive member of the junta that took over in 1979, has charged that 40 of the 60 officers fired for reactionary sentiments at the time have been reinstated.

Gen. Garcia said that only a few — "I could count them on one hand" — have been allowed back into the armed forces.

**THE EPITOME OF HOTELS IS NOT A CLAIM LIGHTLY MADE . . .**

Reserve now for Passidoria 82, to take full advantage of our suites, rooms and convention halls. In addition to the traditional Greek dishes, we have all brands of whiskey and other international drinks. Quality and prices are incomparable. There is also ample parking space.

**CARAVEL HOTEL**  
2, Vassileos Alexandrou Ave., Athens 508, Greece.  
Phones: 790.721-9/790.731-9. Telex: 21-4401 CH GR.

- Not with 416 rooms and 55 luxury suites, all effectively fire-proofed with aluminum doors.
- And an ideal environment for conferences, meetings and banquets, with 11 halls that can handle functions of 50 to 1,000 persons in heated or air-conditioned comfort, and, of course, all the facilities needed on hand.
- Not to mention a mini-bar in every room, an indoor and outdoor swimming pool with an excellent view of Athens (including, of course, the Acropolis), a health studio plus sauna, a jogging track, a discotheque, 3 restaurants, 5 bars and 24-hour room service.
- We have a piano bar, and a taverna with traditional Greek bouzouki and guitar players.
- Conventions and other group events are entitled to discount rates.
- And for final convenience, the Caravel is supported by 90 ferro-concrete pillars rendering it 100% earthquake proof.
- The Caravel belongs to the shipping group of John Theodoropoulos. Special rates for seafarers.

Cosmos 1,339 Lameched  
United Press International  
MOSCOW — The Soviet Union on Thursday launched Cosmos 1,339, an unmanned space research satellite, Tass reported.

**WORLDWIDE ENTERTAINMENT**

PARIS

**BUSINESS LUNCH** FR. 120  
service incl. tip.

**CHIEF'S SPECIALTIES** FR. 220  
serv. incl. tip.

**Laperouse**  
51, Quai des Gds. Augustins  
236.62.00/10.14 • Closed Sun.

**CALAVAY** 720-31-39  
BAR • Restaurant  
40 Avenue Marceau • 11<sup>e</sup> arr.  
[Corner Hotel George V]  
OPEN DAY AND NIGHT-All Coud.  
CHIEF J. BOURGOIS

## Mugabe Backers Exult Over Nkomo Dismissal

By John Edlin  
The Associated Press

SALISBURY — Thousands of Prime Minister Robert Mugabe's supporters marched through central Salisbury Thursday in support of the firing of his coalition government partner, Joshua Nkomo.

Elsewhere, supporters of Mr. Nkomo expressed anger and shock at the ouster of the veteran nationalist leader.

Mr. Nkomo, president of the Patriotic Front, based on the minority Matabele tribe of western Zimbabwe, told supporters his party had quit the fragile 22-month coalition government to form an opposition to Mr. Mugabe's Zimbabwe African National Union.

Mr. Mugabe, whose party is founded on the majority Shona tribe, has 57 of the 100 seats in the national assembly and can alone pass routine legislation. But in the past he has needed Mr. Nkomo's 20 seats to muster the two-thirds majority required for constitutional changes.

Wednesday, Mr. Mugabe announced the dismissal from his 25-member Cabinet of Mr. Nkomo, who was minister without portfolio, two other Patriotic Front ministers and a junior minister from the party. He alleged that they were linked to huge arms caches intended to back a coup.

Mr. Nkomo, who has stridently denied the charges, told reporters he expected four other Patriotic Front ministers and junior ministers to quit and join the opposition. Mr. Mugabe said Wednesday

that the four were not involved in the alleged plot.

But at least one of the four, Deputy Manpower Minister Cephas Mpaia, said he would not resign. "My country comes first," he said.

The Mugabe supporters in Thursday's march, dancing and singing, carried placards calling for a one-party state, a goal of the prime minister, and demanded that Mr. Nkomo be detained, as have been about 15 whites in the last five months, for alleged subversion.

"They are not talking of a one-party state," an onlooker said bitterly. "They are talking of a one-tribe state."

In Bulawayo, administrative capital of Matabeleland, most newspapers reporting Mr. Nkomo's dismissal were sold out early in the morning. "People here cannot believe that it's happened," said a woman who owns a dressmaking shop. "They're shocked and they're very angry."

The former supreme commander of the military wing of Mr. Nkomo's party, Soviet-trained Dumiso (Black Russian) Dabengwa, told the Bulawayo Chronicle newspaper in an interview Thursday that arms had been hidden by former guerrillas for fear of civil war.

Mr. Dabengwa, who led Mr. Nkomo's guerrillas in a seven-year war to end white minority rule in this former British colony, said mistrust persists between guerrillas loyal to Mr. Nkomo and those loyal to Mr. Mugabe.

## WORLD NEWS BRIEFS

### Party Newspaper Bombed in Syria

Reuters

DAMASCUS — A car bomb exploded Thursday in the building housing the newspaper of Syria's ruling Ba'ath Party, and the government blamed the outlawed Muslim Brotherhood.

The state news agency said a small number of employees of the newspaper, Al-Baath, were slightly injured by flying glass. The agency said guards at the building, which also houses the Information Ministry, killed the man who parked the booby-trapped car.

The Defense Ministry said earlier Thursday that security forces had thwarted a Muslim Brotherhood uprising in Hama, although there was no word about re-opening of roads into the town, closed two weeks ago when the government operation started.

### Palestinians Stone Israeli Vehicles

The Associated Press

TEL AVIV — Palestinians on the occupied West Bank of the Jordan River stoned Israeli vehicles Thursday in a second day of protests over the closure of Bir Zeit university near Ramallah.

According to Israeli military spokesmen, assailants smashed the windshield of an Israeli bus as it passed the Qalandia refugee camp on the northern outskirts of Jerusalem, and stones were thrown at an Israeli vehicle on its way to a Jewish settlement at Ofra, near Ramallah.

At the same time, the new U.S. envoy to the Palestinian autonomy negotiations, Richard Fairbanks, held a round of introductory talks in Jerusalem. Officials said Foreign Minister Yitzhak Shamir repeated Israel's aim of achieving some kind of agreement before April 25, the date Israel completes its evacuation of the occupied Egyptian Sinai Peninsula.

### Murdoch Transfers Back Times Titles

New York Times Service

LONDON — Rupert Murdoch, the owner of The Times of London, agreed Thursday under government pressure to transfer the titles of The Times and The Sunday Times back from his holding company, News International Ltd.

The titles were quietly transferred last week to News International, triggering accusations that Mr. Murdoch planned to shut the two newspapers and reopen them with new staffs.

The publisher of the money-losing papers is trying to win a voluntary elimination of 600 jobs. At first he set a deadline of 10 a.m. Thursday, but later indicated that talks would continue for at least several days.

### Irish Republic Goes to Polls

The Associated Press

DUBLIN — The Irish Republic's 2.2 million voters went to the polls Thursday for the second time in eight months, but results will not be available until Friday afternoon. There was no clear indication that either of the two main political factions can win a workable majority in Parliament.

Prime Minister Garret FitzGerald called the election after his shaky Fine Gael coalition was defeated in January by 82 votes to 81 on budget proposals aimed at slashing a record foreign debt of £10 billion Irish (\$10.2 billion).

## Struggle for Public Opinion Remains Crucial at Geneva

(Continued from Page 1)

last four years, each with three warheads and a range of 3,000 miles, have added to their inventory a devastating weapon that has no Western counterpart. The deployment of a new generation of medium-range missiles in Western Europe starting late in 1983 is designed to counter the Soviet SS-20s.

According to the U.S. view, this would deprive them of much of the force that they have deployed against China and other potential adversaries. The Soviet leaders are also vexed by Mr. Reagan's refusal to include in the calculations the medium-range arsenals of Britain and France, mainly submarine-based missiles and bombers that make up an additional 230 systems by Soviet count.

No serious progress is likely before the two sides agree on what weapons systems should be counted.

Mr. Reagan's proposal, in turn,

course, this is a revolution in administrative structure, not a revolution against anyone.

Despite his disclaimer, recent articles in the Chinese press, including the party's ideological journal, Red Flag, have left no doubt that corrupt officials and radical holdovers from the Cultural Revolution are targets of the housecleaning campaign.

Mr. Deng said that the overhaul of the bureaucracy had started just a month ago, but he did not give details. "It is going very smoothly," he said. "The comrades in our party, including the older ones, hold identical views on this issue. I think the job can be finished much earlier than expected."

Prince Sihanouk was quoted as responding that this is "truly an event of historic significance and a constructive revolution."

Premier Zhao Ziyang told visitors Wednesday that the shake-up was going much more smoothly than expected. Mr. Zhao, a protégé of Mr. Deng, said that "quite a few veteran comrades in high positions were being relieved of day-to-day duties and replaced by younger comrades who have ability, political integrity, professional knowledge and are in the prime of life."

While some people doubted that China could carry through such a reorganization, Mr. Zhao said, "We are full of confidence in doing a good job."

## Deng Reappears in Peking After 37 Days

(Continued from Page 1)

was in the second line of decision-making. Chinese officials rushed to explain privately that while the Chinese leader was leaving daily administrative tasks to others, he was still participating in broader policy decisions.

Mr. Deng said Thursday that aging government and party officials had become a pressing issue for China, which has no formal retirement policy. The Peking leadership's efforts to modernize the country's economy have been hampered by bureaucratic obstruction and inefficiency.

"We are determined to take it as a revolution," Mr. Deng was quoted as telling Prince Sihanouk. "Of



## U.S. Businessmen Balk at a Soviet Trade Ban

By Dan Morgan

WASHINGTON — The U.S. Chamber of Commerce has broken with hard-liners in the Reagan administration over their effort to delay or block construction of the multibillion-dollar Soviet natural gas pipeline to Western Europe.

In a letter sent to President Reagan Feb. 5 and made public Wednesday, the chamber's president, Richard L. Leshar, warned that the administration appeared to be on the brink of a "profound change" in policy that could be likened to a strategy of economic warfare against the Soviet Union.

Mr. Leshar, whose organization is a mainstay of support for the administration on most issues, said that a policy of denying hard currency to the Soviet Union by hampering its energy exports would raise a "new and unprecedented issue which goes to the core of U.S. policy on East-West trade," and he urged the president to consult the business community before adopting such a stance.

However, even as the chamber was rallying in support of East-West trade, Reagan administration officials Wednesday were considering asking the Western allies to go along with a new kind of economic sanction against Moscow.

### Virtues of Option

Under this plan, Western European governments would agree to cut off new credits and loan guarantees to the Soviet Union — a step that probably would force Moscow to pay cash for Western technology and equipment, since private banks presumably would be reluctant to extend credit without government backing.

Officials supporting this option say it has several virtues. It would allow the Western Europeans to go on selling nonstrategic equipment and technology to the Soviet Union. Up to now the allies have refused to go along with U.S. requests to limit the sale of billions of dollars worth of equipment for the Siberian pipeline, arguing that too many jobs were at stake.

At the same time, however, it would force the Soviet Union onto a cash basis in business dealings with the West. Some officials contend that this would, in turn, make the Soviet Union sacrifice re-

sources such as gold and diamonds to pay for Western imports.

A European source said that while this would not end future East-West business deals it would slow them down considerably, since the Soviet Union and other East European countries count heavily on foreign credits to finance their trade.

Hermes, the West German government insurance agency, has guaranteed substantial amounts of the West German bank loans for the Soviet pipeline project. And it has also guaranteed \$1.8 billion of the \$4.6 billion in West German loans to Poland.

### Earlier Proposal

An earlier proposal backed by hard-liners in the administration would involve extending the Dec. 30 sanctions against U.S. exports of equipment for the gas pipeline to European companies that manufacture such equipment with U.S. licenses.

In his letter to Mr. Reagan, the president of the Chamber of Commerce said that such extraterritorial controls "will only aggravate further our already poor interna-

tional reputation for commercial reliability."

The letter was the strongest sign yet of the business community's concern over the administration's East-West trade policy. The administration has been torn for weeks between its basic sympathies for business and its desire to reduce the Western economic relationship with the Soviet bloc.

At a breakfast meeting with reporters Wednesday, the chairman of the chamber, Donald Kendall, said he "totally disagreed" with the president's opposition to construction of the pipeline.

Mr. Kendall is head of PepsiCo, a firm that does substantial business in the Soviet Union. "Do you want economic warfare with the Soviet Union?" he said, adding that he was sure that that is what the assistant secretary of commerce, Lawrence J. Brady, and the assistant secretary of defense, Richard N. Perle, want. They have argued for tougher economic sanctions.

"I certainly question whether the government should put its long arm into another sovereign country and force it to accept these sanctions," he said.



Gen. David C. Jones, chairman of the Joint Chiefs of Staff.

## U.S. Joint Chiefs Head Seeks to Change System

By Charles Mohr

New York Times Service

WASHINGTON — Gen. David C. Jones, chairman of the Joint Chiefs of Staff, says he will try during his last months in office to achieve "some substantial changes" in the organization and workings of the Joint Chiefs system, seeking more authority for the chairman and more unified military planning.

Gen. Jones will finish his second two-year term as chairman in June and cannot be reappointed to the post in peacetime. He previously served four years as Air Force chief of staff.

He said he was not seeking a classical "general staff" system on the European model, nor unification of the branches of the armed services, but modest changes in the present system, which has been changed only marginally since its establishment in 1947. Gen. Jones outlined his thinking in an article for a business publication, Directors and Boards, and at a meeting with reporters Wednesday.

The Joint Chiefs of Staff comprise the chairman, the chief of naval operations, the Army and Air Force chiefs of staff and the commandant of the Marine Corps. They are served by a staff of slightly more than 1,300 officers and enlisted personnel from the four services and some civilians.

Each of the four service chiefs also commands a separate service, competing for scarce budget money and served by a very large "service staff" with more interest in its own institution than in interservice problems.

One of Gen. Jones' major recommendations is to limit the involvement of the single-service military staffs in the working of the Joint Chiefs.

"When a service chief acts on a service matter he should receive advice from his service staff and when he acts on a joint matter he should receive his advice from the joint staff," Gen. Jones wrote. "However, since the beginning, service chiefs have relied almost exclusively on their service staffs in preparing for joint meetings."

The general said he was not advocating a major shift of power to the chairman. The services would still generate their own budget requests and command their component units. The chairman would have a somewhat larger personal staff and could "advise the secretary of defense on an integrated, overall strategy... the decision authority would still be with the secretary."

The Joint Chiefs are required by law to make a formal report to the secretary of defense when they cannot agree. Gen. Jones said Wednesday that this leads to strong pressure to arrive at bland consensus.

He said the aim of his proposals

was to improve planning and innovation in dealing with strategy and military readiness. The current system, he contended, emphasizes budget matters and "efficient" peacetime management of the services. Changes in strategy tend to threaten traditional service roles or a redistribution of money, he said.

The requirements for unanimity have also helped prevent a broad interservice view in the joint staff. Gen. Jones said, noting that studies cannot even be begun until agreement is reached on "the terms of reference for a study."

He contended that there should be more incentives and rewards for duty on joint military affairs, including the joint staff and joint combat commands. Senior officers now usually serve less than two years on the joint staff and lower ranks 30 months, with their future promotions and assignments controlled by their mother services.

Gen. Jones suggested that the Joint Chiefs chairman be given limited influence on assignments and promotion for officers who serve in joint military work. He admitted that the individual services would be likely to resist such a plan.

About one-third of Gen. Jones' ideas would require legislation.

## Atomic Agency Head Says Efforts to Curb Nuclear Spread Are at 'Critical Juncture'

By Judith Miller

New York Times Service

VIENNA — Hans Blix, director general of the International Atomic Energy Agency, thinks several countries could soon acquire nuclear weapons but that there is little more his agency can do to stop them than it is already doing.

Mr. Blix asserted that the international effort to curb the spread of atomic weapons was at a "critical juncture" and said the agency had repeatedly expressed concern about the nuclear activities and aspirations of four nations in particular: India, Pakistan, South Africa and Israel.

In an interview, Mr. Blix, a former Swedish foreign minister who became director of the 110-member agency in December, defended it against recent criticism but gave a candid and sober assessment of the limited role it could play in dissuading nations from acquiring atomic weapons.

### Limited Mandate

In outlining what he terms the agency's limited and "technical" mandate, Mr. Blix appeared to call into question the Reagan administration's policy of assigning major responsibility for stopping nuclear arms proliferation to the agency, a United Nations organization that both promotes nuclear power and monitors nuclear fuel and facilities to assure that they are not being used for military purposes.

The administration is relying heavily on agency inspections to allay concerns about its policy of promoting American nuclear exports to developing countries.

"At the same time, however, Mr. Blix strongly endorsed a major element of President Reagan's policy against the spread of nuclear weapons, which focuses U.S. diplomatic initiatives on mitigating security concerns that could lead countries to acquire a nuclear capability.

Mr. Blix specifically praised Mr. Reagan's program to bolster Pakistan's security by providing President Mohammed Zia ul-Haq with a six-year, \$3.2-billion military and economic aid program and selling 40 F-16 fighter planes on an accelerated schedule.

### Anomalies at Reactor

Nevertheless, Mr. Blix disclosed that the agency had made "no progress" in its six-month effort to persuade Pakistan to permit installation of additional cameras and measuring devices to improve safeguards at a 135-megawatt nuclear reactor near Karachi.

The agency made its request after it detected what it called anom-

alies and irregularities at the reactor, which can produce plutonium for atomic weapons.

There is no evidence, Mr. Blix said, that Pakistan has been diverting fuel from its civilian reactor to nonpeaceful purposes. But he said the agency's board of governors had received two reports saying that monitoring arrangements were no longer adequate and that the agency could no longer provide reliable assurances that nuclear material was not being diverted.

Agency officials said privately that Mr. Blix was preparing to submit a third, similar report to the 34-member board on Feb. 23, when the governing body meets for the first time since Mr. Blix became director general.

He expressed concern that the agency could become a scapegoat should another country detonate a nuclear explosive. He underscored the "clear limitations" of the agency's responsibilities.

The agency has no authority, for example, to inspect or search for undeclared nuclear facilities in member states, he said. The agency cannot force members to sign the Nonproliferation Treaty of 1970, under which 115 nations have pledged not to develop nuclear weapons and to open all of their civilian nuclear installations to agency inspection.

Mr. Blix said the agency was "an alarm system, not a police organization," and could only draw attention to countries that were signaling their intention to develop atomic weapons.

### 'Under Inspection'

According to Mr. Blix, India, Pakistan, South Africa and Israel were of the most immediate concern. None of the four, he noted, was willing to sign the Nonproliferation Treaty. India detonated an atomic device in 1974 and all four countries either have or are building facilities that they refuse to submit to agency inspection. They are resisting what Mr. Blix termed some "reasonable demands" by the agency to permit its declarations about the countries' activities to be credible.

U.S. intelligence officials have asserted for several years that Israel had developed a nuclear weapons capability. "Israel has not excluded a nuclear device, and we hope that it will not," Mr. Blix said.

In the interview, Mr. Blix said there was also concern in the agency about Argentina, Brazil and Spain because they have not signed the treaty either. He said, however, that he thought "all of the facilities in these countries are under inspection."

Mr. Blix criticized the Carter administration's policies, which he said emphasized "sticks rather than carrots" to dissuade countries from developing atomic bombs. The policy of denying developing nations access to nuclear supplies,

he continued, had the "unintended but undesirable consequence" of encouraging nations such as Argentina, South Korea, Mexico and Brazil to pursue acquisition of independent processing and enrichment technologies that would increase their ability to make nuclear devices should they decide to do so.

Mr. Blix noted that the next 10 to 20 years would be a critical period for efforts to stop the spread of nuclear weapons. He warned that there would be either what he called a "dynamic evolution" of international acceptance of safeguards or "an acceleration of patterns of insecurity" that would lead to a rush to develop nuclear weapons.

## Reagan Civil Rights Nominee Wins Support of New Right

Washington Post Service

WASHINGTON — The religious and political New Right has rallied around the nomination of B. Sam Hart, a black evangelist, to the U.S. Commission on Civil Rights.

In a joint statement Wednesday, leaders of 22 religious and political groups accused opponents of the nomination of "ideological racism" and urged President Reagan to "stand by Mr. Hart."

Civil rights, women's and homosexual groups as well as Mr. Hart's home state senators, John Heinz and Arlen Specter, Pennsylvania Republicans, protested the nomination last week after the Philadelphia radio evangelist said at a news conference that he opposes the Equal Rights Amendment, busing to integrate public schools and the concept of homosexual rights.

The Rev. Enrique Rueda, director of the Catholic Center of the Free Congress Foundation, said Wednesday the nomination has frightened liberals because Mr. Hart is a conservative. "He is not supposed to think the way he thinks," he said. "He is a round peg in a square hole."

### 'McCarthy Tactics'

Mr. Hart's opinions on "abortion, radical feminism and the desirability of special rights for homosexuals are not palatable to the liberal establishment," Father Rueda told a news conference.

Paul Weyrich, executive director of the Committee for the Survival of a Free Congress, accused Mr. Hart's opponents of using "McCarthy tactics" to sabotage the nomination and argued that the evangelist's conservative views would balance the commission.

Mr. Weyrich maintained that most previous commissioners, who have included law school deans, newspaper editors and southern



Hans Blix

governors, "represent the liberal establishment."

Religious and political conservatives called Wednesday's news conference after they became concerned the White House might drop the nomination.

Peter Genna, executive director of the National Pro-Life Political Action Committee, said Mr. Hart had become a "symbolic" figure for conservatives. "Sooner or later we have to draw the line in the sand," he said.

Among others signing a joint statement of support for Mr. Hart were leaders of the Moral Majority, the Religious Roundtable, Christian Voice, Catholics for a Moral America, the Conservative Caucus, the American Conservative Union and the National Religious Broadcasters.

Mr. Hart is president of WYIS, a small radio station in suburban Philadelphia, and founder of the "Grand Gospel Hour," a black evangelical radio program syndicated nationally.

## Pilots in Quebec Lose French Option

United Press International

MONTREAL — Pilots and air controllers no longer have the legal right to use French on the job, the Quebec Court of Appeals has ruled in another round of a five-year debate over language to be used by aircraft.

The 2-to-1 decision by the Appeals Court on Wednesday overturned a 1978 decision in Quebec Superior Court that forced Air Canada to allow its pilots to use French.

The earlier decision ruled that by 1980 the Canadian flag carrier should allow French to be used in the cockpit and in air-to-ground communications.

## Ngaio Marsh, 82, Detective Fiction Writer, Is Dead

CHRISTCHURCH, New Zealand — Dame Ngaio Marsh, 82, the author of detective fiction, died at her home here Thursday, the Christchurch Press reported.

Also a respected theatrical producer, she wrote 30 successful books and her works are usually compared to those of Agatha Christie.

Dame Ngaio's principal creation was the scholarly and polished detective Roderick Alleyn.

She was created a dame of the Order of the British Empire in 1966.

### Adm. Paul H. Ramsey

CORONADO, California (AP) — Vice Adm. Paul H. Ramsey, 77, former air warfare director for the chief of naval operations and commander of Task Force 77, a group of a half-dozen attack carriers of the 7th Fleet, has died. He retired in 1966.

### Alva 'Al' Dopking

COLUMBUS, Ohio (AP) — Alva "Al" Dopking, 73, a former Associated Press war correspondent who later served as a domestic bureau chief and general executive, died Wednesday after an apparent heart attack.

### Nestor Chylak

DUNMORE, Pa. (UPI) — Nestor Chylak, 39, an American League umpire for 25 years and assistant supervisor of league umpires since 1979, died Wednesday.

There's a place for you in Amsterdam's heart.



Amsterdam is a city whose heart beats with centuries-old culture and tradition: Amsterdam is Rembrandt and Van Gogh. It's boat rides on the canals and tipping through the tulips. Wonderful Dutch chocolate and cheeses. Silver skates and wooden shoes. And it's yours to enjoy, at the Amsterdam Sonesta. Conveniently located on the bank of our oldest canal, our five-star hotel combines modern comfort and luxury with 17th century architecture and old-world charm; an authentic Dutch environment that gives you what you come to Amsterdam for.

**Amsterdam Sonesta Hotel**  
One Kattengat, 1012 SZ Amsterdam, Holland

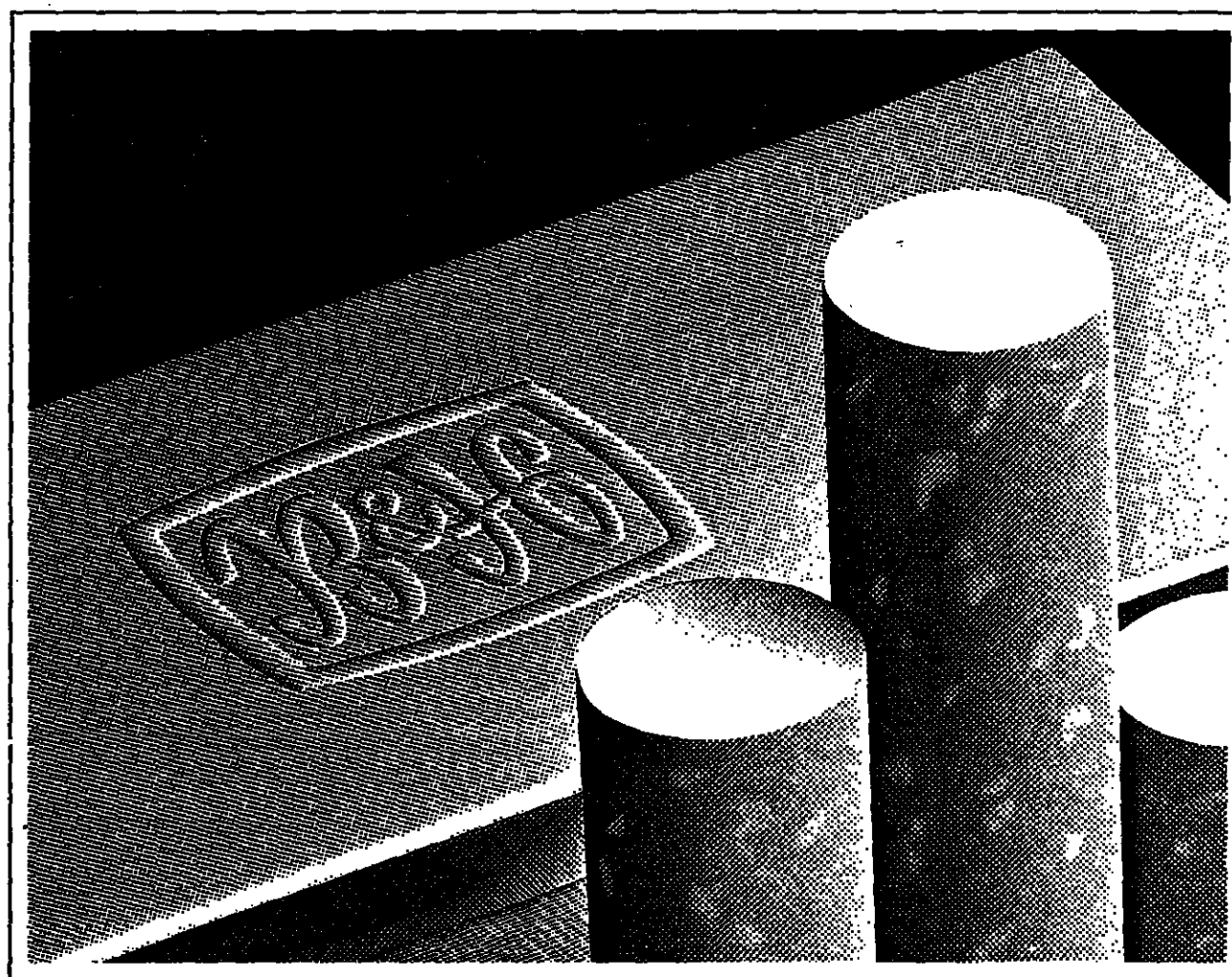
For reservations call the hotel direct at 020 21 22 23, or Sonesta Instant Reservations in:

Frankfurt 0611 28 43 88 Paris 06 079 1717

London 01628 3451 Zurich 01 302 08 57

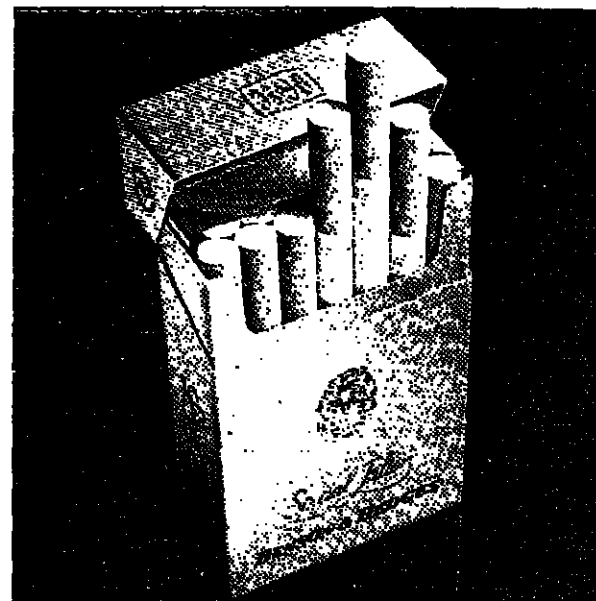
Or call your travel agent.

Sonesta Hotels in Cambridge (Boston), Hartford, Key Biscayne (Miami), New Orleans, Bermuda, Herzlia (Israel).



Discover gold

**Benson & Hedges**  
Special Filter  
The world's finest taste in cigarettes



Created and perfected by the House of Benson & Hedges



## Theater in a Vacuum

The vacuum that is the Reagan administration's Middle East policy is hurting the president and the country. Into that vacuum pop the secretary of state and the secretary of defense, each cultivating a private departmental interest without even a pretense of sharing a common one. It is terrific political theater to see two Cabinet officers vying with each other for bureaucratic supremacy virtually in full public view. But it is a damaging comment on President Reagan's disinclination to accept the responsibility of his office and govern. And it is also, from the point of view of the national interest, absurd.

The latest episode of the Haig-Weinberger follies centers on the visit by the secretary of defense to Jordan, where he at least raised the question of selling King Hussein top-of-the-line aircraft and missiles to keep him from shopping in Moscow. By the time Secretary Weinberger's purpose and the various remarks and asides of his party had filtered back to Washington, the Israelis were invoking their own nightmare of American abandonment, and President Reagan was forced to step in and calm things down.

There seems to be a real personality clash between Mr. Weinberger, who distinguishes between the Israeli "people" and the Israeli "government," and Menachem Begin, who makes no secret of his intense distrust of the secretary. This is unfortunate, but it is not crucial. What is crucial in this episode is that Mr. Weinberger was flying his own kite, seeking to strengthen American links with friendly Arab states, evidently without regard to previous American assurances to Israel or to Secretary Haig's own recent diplomatic visitations. How can it help the secre-

tary of state to nudge along the Palestinian autonomy talks if at that very moment the secretary of defense is pleading with an Arab leader who spurns those talks to accept the favor of hot new American arms?

Whatever his intent, Mr. Weinberger's effect was quite likely to bolster the Israeli hard line in ways that can lead to no good. Whether he will be appreciated in Arab quarters for having made the old college try or dismissed for not being able to deliver we don't know. But either way, how can it possibly help the secretary of state?

There is a sense, of course, in which not having a Mideast policy — a coordinated plan to pursue both diplomatic goals and security goals — is in itself a policy. The security side — the arms-selling, pact-making side — obviously has the strength under such conditions. To engage in this arms and pact business means closing ranks as much as possible with Arab states, demonstrating to them that the United States is loosening its special commitment to Israel, and accepting as natural and even desirable the inevitable consequent collisions with the Israelis. But this is an extraordinarily dangerous and reckless course, even a dishonorable one.

Fortunately, there is an alternative, a very difficult one. It entails seeing the region as a whole, pursuing security interests firmly but with due respect to the sensitivities of all states of the region, and accepting the political centrality of the need for Israeli-Palestinian coexistence. Right now, Mr. Reagan is over-engaged on the security side and inattentive on the political side. He is asking for trouble, and he is getting it.

THE WASHINGTON POST.

## OPEC and the Saudis

For years, everybody has been calling OPEC a cartel. Now the world is going to find out whether that is correct. A true cartel is capable of enforcing production cuts to keep up its prices. That is what a cartel is for. The question of reducing production is now under discussion — rather tense discussion, evidently — within OPEC. Like most of the questions that confront OPEC, its answer depends entirely on Saudi Arabia.

There is nothing obscure about the cause of OPEC's troubles. Extraordinarily high prices are having the usual effect. Consumers around the world are making do with less oil, and producers outside OPEC are pumping more of it. OPEC, so far, has carried the whole burden of adjustment. Its production is down about one-third since the last great crisis in 1979. That is an enormous decline. The first stages of it were easy enough. By 1979 several of the OPEC governments were selling more oil than good conservation policy dictated, and they were not unhappy to choke back the flow. Then Iran and Iraq went to war with each other, with another sharp decrease in world production.

But as the need for reductions continues, it begins to threaten the development requirements of some countries, such as Nigeria, and the military ambitions of others, such as Libya. That is why the producers have begun

to discount their prices in anxious efforts to maintain the flow of cash. And that is why all eyes turn toward the Saudis.

When they forced the rest of OPEC to conform to their price policy last fall, there was an implicit bargain that they would protect those prices from erosion. At the time, the Saudis lowered their production. But now the market is again heavily oversupplied. If Saudi output does not come down, and quite a lot, prices are going to keep falling. It is true that Saudi Arabia currently has far more money than needed, but it is also true that the country has become accustomed to a life that spends far more money than needed.

That leaves the Saudi rulers with an interesting choice. Meanwhile, smart people will remember that the great oil price escalation of the 1970s resulted from three political events — an Arab-Israeli war, an Iranian revolution and an Iranian-Iraqi war. Smart people will keep in mind that there may be more unexpected events ahead in the Middle East, the world's least stable region. Those people will regard lower oil and gasoline prices as the most fragile kind of good fortune, and they will keep shifting away from dependence on oil — knowing that, next month or next year, for utterly unpredictable reasons, the price may once again be rising.

THE WASHINGTON POST.

## Time to Act on Minerals

Americans cheered last March when President Reagan declared himself eager to reduce dependence on imported minerals. The U.S. economy had paid a high price for failure to prepare for the oil shocks of 1974 and 1979. A wise society would guard against such disruptions in other critical materials.

But a strategic minerals policy has yet to emerge from the White House. And there is growing doubt about the administration's commitment or its technical capacity to translate oratory into cost-effective reform. What is needed is a close analysis, mineral by mineral, of the consequences of import dependence and the practical alternatives.

On its face, the problem seems manageable. The economy depends on hundreds of minerals, a few dozen of which come mostly from abroad. Government stockpiles would reduce vulnerability to supply disruptions. So would more domestic production, which government might encourage. That, surely, is what Reagan hoped to do.

Product by product, however, it is difficult to measure national vulnerability or estimate the adequacy of stockpiles. It is known, for example, how much manganese is consumed each year by industry. It is not really known how much of American industry would be disrupted if denied manganese. Those who minimize the problem point to the ease with which substitutes were found when cobalt supplies from Zaire were cut off in 1978.

In making these judgments, many also fear the influence of special economic interests.

Government stockpiles of silver, for example, are undoubtedly excessive, but producers are blocking any sale therefrom in order to hold up prices. Other mining companies want to be subsidized to extract cobalt from low-grade domestic ores. And Western congressmen are clamoring for the right to open ecologically fragile lands to mining.

So the experts disagree about the specifics of a sound policy. The principles that should govern, however, are fairly clear:

- Stockpiles should be clear first. There is a good reason for importing some minerals available at home — it is cheaper. For the same reason, it would generally be cheaper to build stockpiles from foreign sources than to subsidize more domestic production.

- Private solutions are preferable. The U.S. government should protect the country against import disruptions that would affect defense industries. But there is no obvious reason why the government should have to maintain mineral inventories, free of charge, for private enterprises.

- Keep planning flexible. Changing technology can make any policy obsolete. There is no point, for example, in stockpiling bauxite, now that domestic industry has stopped using it in making aluminum. Continuing research will avoid such waste.

Reagan seems to understand that a sound minerals policy is an important element of defense. He should by now have some plans for turning sentiment into policy.

THE NEW YORK TIMES.



## Russia — A Colossus In Colossal Trouble

By Stanley Karnow

WASHINGTON — The crack-down on the dissidence in Poland may have been a political triumph for the Soviet leaders, but they are paying an exorbitant economic price. The victory may cost more than it was worth.

The Polish crisis is imposing severe strains on the Soviet economy at a time when, because of its appalling weaknesses, it can least afford extra burdens.

Meanwhile, the trouble in Poland has badly damaged the other economies of Eastern Europe.

All this suggests, I believe, that Moscow will face increasing pressures during the period ahead. And its problems are likely to be aggravated by changes in its ruling hierarchy, as its old and ailing chiefs disappear and a power struggle takes place.

So it seems to me that the Soviet Union ought to be viewed as a desperately distressed giant and not, in the manner of the Reagan administration, as a colossus capable of world domination.

### Big Borrowing

In recent weeks the Russians have been selling unusually large quantities of gold, diamonds and oil on Western markets in an urgent effort to raise cash for bigger imports of grain from the West, after a third disastrous harvest in a row. Estimates are they will buy 43 million tons of grain this year from the United States and other Western producers.

The funds are also destined to prop up Poland, whose economy had been collapsing even before its labor unions began to rise in protest. Soviet assistance to Poland until now has probably exceeded \$10 billion, part of it earmarked to service the huge Polish debt to Western banks.

Moscow has also been borrowing enormous sums in the West to finance such projects as the planned natural gas pipeline from Siberia to Western Europe. Soviet loans for the pipeline total more than \$2 billion, and the Kremlin asked West German banks for additional credit in December.

Under the weight of this load, the Russians have been forced to slash aid to their East European satellites. Not long ago, for instance, they cut oil deliveries to Eastern Europe by 10 percent, preferring instead to peddle the fuel in the West for hard currency.

The East Europeans have been suffering as well from the disarray in Poland, which has been unable to supply them with the coal, industrial equipment and food that are vital to their development.

Underlying this gigantic shambles is a basic reality. The Soviet Union, which once touted itself as the global model of the future, has proved a dismal economic failure. It is fair to surmise that the revolution might be better off today if the revolution had never occurred.

A fundamental flaw in the system is management. Fearful of a flexible structure that might threaten authority, Soviet leaders since the days of Stalin have relied on an overcentralized and conservative bureaucracy that cannot adapt to the country's diversity.

### Military Load

Not only are Soviet bureaucrats egregiously corrupt in defense of their privileges, but their direction of the economy is marked by extravagant waste. As Anthony Robinson of London's Financial Times has pointed out, they have long been blind to the connection between production costs and prices.

Striving to fulfill their aspirations, the Soviet leaders also devote scarce resources to a military establishment that may well be beyond their economic means.

Military expenditures now consume nearly 15 percent of the Soviet gross national product — roughly twice the proportion spent on defense by the United States, which is at least twice as rich.

Another expensive item in the Soviet budget is foreign ventures, such as aid to Cuba and Vietnam. The guerrilla war in Afghanistan is draining the Kremlin's treasury just as Vietnam clobbers the American taxpayer.

The worst Soviet disaster, though, has been agriculture — a victim of Communist ideology that holds that peasants should not be motivated by material incentives, but must work on collective farms.

For the Soviet bosses to admit otherwise would be to confess that

Communism is a myth. Thus they squander their meager assets on imported grain, which is a very costly way to keep the faith.

To forecast the imminent end of the Soviet empire would be excessive. But President Reagan would enhance his credibility by depicting the great Communist experiment as it actually is — a mess of monstrous magnitude.

©1982, Tribune and Register Syndicate.

## Moscow Keeps Quiet; Washington Chatters

By Meg Greenfield

WASHINGTON — As the decibel level rises in the United States concerning policy toward El Salvador and how the Polish debt should be approached, my mind keeps going back to an earlier, eerie silence, eerie in retrospect anyway. It is the silence that was maintained on the Russian side all the while that the lightning-stroke repression of the Poles was being planned, presumably argued about and finally executed.

Within hours, out of nowhere — like the construction of the Berlin wall, the move on Czechoslovakia and too many other affairs — it was done. Just like that.

And the only background noise you heard before or after was, naturally, American. There America had been beforehand, aping about what the Russians would probably do — an outright Hungary-style invasion? and what the response should or shouldn't be. Afterward, once again surprised, Americans took to their telephones to ask each other what that was they thought they had just heard on the news. Confirming the worst, we at once settled into our familiar hand-wringing and acrimony about whose fault it was and what to do. They do the deed, and we hold the hearing.

Sometimes I have this fantasy that the Soviet system falls apart and begins to resemble America's because America has dropped a nuclear bomb that absolutely destructive weapon called the First Amendment bomb on the system. Brezhnev's *Soyuz* Marxist-Leninist Option Not Ruled Out — Central Committee Demands Politburo Documents on Warsaw Plan — Rumor Phone Lines Being Cut in Gdansk — Red Army Reportedly Angry at Small Role Envisaged in Poland.

It's wonderful, but it's not that way yet. Instead, the eerie silence with its great abiding advantage obtains. And against this

WASHINGTON — Omnipotent but ambiguous rumbles about what the United States might do to Cuba have become a current staple of foreign policy noises from Washington, and they are hard to read. Does the Reagan administration have firm intentions? What are they?

The more you dig into this, the less you find. Grant the statements about a new flow of Soviet weapons to Cuba. But Washington's unwillingness to provide hard details is explained alternately as protecting sources and as prudently avoiding over-dramatics like President Carter's useless flap about "discovering" a Soviet brigade on the island.

These are contradictory stands. Do they mean that things are really getting worse, or that Washington wants to signal to Havana and Moscow that it will be very angry if they do? It depends which senior officials you ask.

There is no charge that the 1962 Soviet pledge not to send "offensive" arms to Cuba has been violated, but it is hard to define and is usually interpreted to mean nuclear weapons in this context.

In any case, the administration does not claim that the warnings have achieved their advertised purpose of stopping the export of Cuban subversion to Central America and the Caribbean. But it has no answer to the question of whether the deliberate campaign of "not ruling out" the use of force may be provoking the arms buildup as a defensive reaction. Cuba's policy of aiding rebels is not likely to change under pressure.

Meanwhile, Fidel Castro has been sending quiet signals that he wants to extend contacts and negotiations with the United States. Nothing significant happened at the meeting late last year between Secretary of State Alexander Haig and Cuba's vice president, beyond the fact of the meeting itself, officials say. Both sides simply repeated their old positions.

But recently Castro told a Re-

publican congressman, Hamilton Fish, that he would take back criminals and sick people dumped on the United States during the 1980 exodus if a face-saving exchange were arranged. And he released four American prisoners.

The signs and gestures have been coldly received in Washington. There is a lot of talk about Cuba but little interest in talking to Cuba. It is taken for granted that Castro's overtures are a tactical attempt to defuse U.S. antagonism, not a genuine desire to improve relations and ease his country's total dependence on Moscow, as some foreign diplomats think.

Certainly, there is plenty of reason to worry about the future in the Caribbean basin. Ferment is developing through the area. To the extent that the United States is seen as hostile to urgently needed social change, and to some people that is how it looks, hostility to the United States is growing.

A spread of Cuban influence, backed by the Kremlin, would indeed represent a strategic threat. President Reagan will spell out America's promised Caribbean Basin Initiative next week. Drafts are still being revised at the White House, but the latest word is that the speech will offer trade incentives and not much else.

No doubt regional hopes are excessive. The United States and the industrial West could not simply cure impoverished, frustrated societies even if they had unlimited funds to offer. The main thing that development experts have learned in their trials is how hard it is to speed peaceful change.

But it is the only reliable way to improve regional security in the long run. In the short run, encouragement and sustained hope make all the difference. Forcing people to choose sides in an East-West confrontation that seems irrelevant to their lives is a way to breed enemies.

A Canadian parliamentary commission that studied the area's urgent problems for nearly a year

concluded that "potentially the most dangerous threat to security in these regions [is] the growing confrontation between the United States and Cuba."

Change in the area is necessary and inevitable, the commission also said. "Any attempt therefore to characterize this process as derived essentially from an alien ideology should be resisted. Moreover, social change in these countries will evolve from a wide range of development models because of their rich and complex histories. It is unrealistic to expect them to blindly imitate the experience of

*It may be the Reagan administration is not talking foreign affairs at all, but domestic politics.*

others. Canada should recognize and support such pluralism in Latin America and the Caribbean."

All Canadian parties were represented on the commission. They were saying, in effect, that the United States is making a mistake in treating a Cuban and Communist challenge rather than a human and social challenge.

Why is Washington on such a different tack, and what does the administration hope to achieve with its threats and warnings? The more one looks into the facts, the harder it is to avoid suspicion that the administration is not talking foreign affairs at all but domestic politics. The noises seem to be required to silence right-wing charges of being "soft on Communists." Intentions are hard to read because they are so vague.

The trouble is that this bombastic domestic dialogue resounds around the world. It is frightening friends. It is not facing, let alone solving, real problems.

©1982, The New York Times.

## Germans, Americans and a Forced Marriage

By John Dornberg

MUNICH — How can West Germans and Americans patch up what many see as a deep rift in their relationship? The question is being asked with concern on both sides of the Atlantic, and was the theme of two symposia that I attended recently.

The question is predicated on assumptions that are open to challenge. Are relations indeed so disharmonious? If yes, is the phenomenon all that novel?

Opinion polls show the U.S. popularity rating here to be higher than at any time since 1965, and most West Germans continue to express confidence in NATO.

Even if the pulse-takers are wrong and relations are poor, is that new? It is after all a forced marriage, and many older Americans and Germans can recall being criticized at home for extending the hand of friendship.

Rapport has generally been limited to encounters in G.I. bars. A glance through my bulging file folder produced yellowed clippings dating back to the late 1950s and early 1960s with headlines and editorials as disturbing as today's.

In those decades only the names of the chancellors and presidents and the momentary issues of disagreement changed. Only when Konrad Adenauer and Dwight Eisenhower (or John Foster Dulles) made music together were dissonant notes rare, although in those days, too, there were episodes of mutual distrust. Later, Adenauer's relationship with John Kennedy was as tense as Ludwig Erhard's with Lyndon Johnson and Helmut Schmidt's with Jimmy Carter.

What is meant by "anti-Americanism" and "anti-Germanism?"

The anti-Americanism currently at issue is in large measure anti-Reaganism. Criticism of Reagan's foreign and defense policies is inevitable to the extent that they see us living not in a postwar but in a prewar era.

And the anti-Germanism said to be growing in America expresses exasperation with the policies of the left-liberal coalition in Bonn — feelings shared by at least 46 percent of West Germans who, last time around, voted for the opposition Christian Democrats.

Yet even if the current trouble is largely partisan-political, and magnified by the media, it is worrisome. Publicized opinion has a way of becoming public opinion.

West Germany has a recently appointed special government coordinator for German-American relations. Dr. Hildegard Hamm-Breuer. The establishment of the position and her rather substantial budget in a year of fiscal bloodletting indicate how seriously Chan-

ciller Schmidt and Foreign Minister Hans-Dietrich Genscher judge the current climate.

Franz Hamme-Breuer is a veteran in German-American relations, having served as a young editor on the U.S. military government's *Neue Zeitung* in 1946. She has blame for the media, lamenting the dearth of interpretative reporting about West Germany in the United States and the distorted picture of America that West Germans get from their news media.

But she also sees more fundamental problems having to do with generations and education. The founder generations of the special West German-U.S. relationship recognized the two countries' interdependence, but the successor generations in politics, business, education, journalism and the arts "are drifting apart."

Americans "for whom knowledge of Germany stops with the end of World War II and the Holocaust" trouble her as much as

young Germans "who have never even heard of the Marshall Plan." She is concerned about West Germans who do not know how their country developed into a free nation with U.S. help, and about Americans who misinterpret the growing inclination of Germans to have more say over their destiny.

She has a starting budget of 4.5 million Deutsche marks in 1982. The main obstacle, she says, is "unadmitted ignorance" on both sides of the Atlantic. Her ambitious inter-ministerial program, aided by foundations and private industry, calls for non-touristic people-to-people contacts, junkies and seminars involving the new generation of policy- and opinion-makers. It will be bolstered by stepped-up efforts by the Foreign Ministry's Goethe Institutes — of which there are 28 in Latin America but only four in the United States. Similarly assiduous efforts might be envisaged by the U.S. State Department's International Communication Agency.

©1982, International Herald Tribune.

## Feb. 19: From Our Pages of 75 and 50 Years Ago

### 1907: Quicker Changing of Tires

PARIS — When Mr. Siz, on a Renault racing machine, won the Grand Prix of the Automobile Club de France last summer, praise of the movable rim, to which this success was largely due, was general. Tourists who had struggled hours on the road to remove punctured tires saw in the one great remedy to the tire worry. Dr. P.E. Doolittle of Toronto, who has already made many contributions toward the perfection of the automobile, has produced a new device. Not only can the rim on which a tire is placed in position in a fraction of a minute, but the injured tire may actually be removed from the rim, repaired and replaced in five minutes.

### 1932: Aerial Conversion to Islam

PARIS — Adopting the Moslem faith in an airplane 5,000 feet over the English Channel, Princess Dayang Muda of Sarawak, formerly Gladys Palmer and heiress of the English business magnate, gave up Christianity as she flew from London to Paris. The name of Khair-ul-Nissa, meaning "fairest of women," was conferred on the princess by Dr. Khalid Sheldrake, president of the Western Islamic Association, who officiated. The princess has founded a center of Islamic propaganda in France, and owns the tunic of the Prophet, which she has had on show at her Paris apartment. Her husband, a Protestant, now is in Sarawak, where, as heir to the throne, he alternates every six months in ruling with his brother.

## Herald Tribune

Published with The New York Times and The Washington Post

John Hay Whitney (1904-1982)

Chairman

Katharine Graham Arthur Ochs Sulzberger  
Co-Chairmen

International Herald Tribune, 50 Avenue de la Libération, 75008 Paris, France

Telephone: 73321121-1221, 73321123-1224, 73321125-1226, 73321127-1228, 73321129-1230, 73321131-1232, 73321133-1234, 73321135-1236, 73321137-1238, 73321139-1240, 73321141-1242, 73321143-1244, 73321145-1246, 73321147-1248, 73321149-1250, 73321151-1252, 73321153-1254, 73321155-1256, 73321157-1258, 73321159-1260, 73321161-1262, 73321163-1264, 73321165-1266, 73321167-1268, 73321169-1270, 73321171-1272, 73321173-1274, 73321175-1276, 73321177-1278, 73321179-1280, 73321181-1282, 73321183-1284, 73321185-1286, 73321187-1288, 73321189-1290, 73321191-1292, 73321193-1294, 73321195-1296, 73321197-1298, 73321199-1300

Second Class postage paid at New York, N.Y., and at additional mailing offices.

Postmaster: Send address changes in U.S.A. to International Herald Tribune, 50 Avenue de la Libération, 75008 Paris, France.

Subscription prices: U.S. and possessions, \$10.00 per year in advance; Canada, \$12.00; Europe, \$15.00; Japan, \$18.00; elsewhere, \$20.00. Single copies, 50c. (In U.S.A. only.)

Copyright © 1982 by International Herald Tribune. All rights reserved.

Printed in France by Imprimerie de la Libération, 50 Avenue de la Libération, 75008 Paris, France.

Telephone: 73321121-1221, 73321123-1224, 73321125-1226, 73321127-1228, 73321129-1230, 73321131-1232, 73321133-1234, 73321135-1236, 73321137-1238, 73321139-1240, 73321141-1242, 73321143-1244, 73321145-1246, 73321147-1248, 73321149-1250, 73321151-1252, 73321153-1254, 73321155-1256, 73321157-1258, 73321159-1260, 73321161-1262, 73321163-1264, 73321165-1266, 73321167-1268, 73321169-1270, 73321171-1272, 73321173-1274, 73321175-1276, 73321177-1278, 73321179-1280, 73321181-1282, 73321183-1284, 73321185-1286, 73321187-1288, 73321189-1290, 73321191-1292, 73321193-1294, 73321195-1296, 73321197-1298, 73321199-1300

Lee W. Huebner Publisher  
Philip M. Foisie Executive Editor  
Walter N. Wells Editor  
Robert K. McCabe Deputy Editors  
Samuel Abt

Roland Pinson Associate Publisher  
René Bondy Director of Finance  
François Desmaisons Director of Circulation  
Richard H. Morgan Director of Advertising



## Pakistan Riot Surprised Zia, U.S. Asserts

**The Associated Press**  
WASHINGTON — The State Department says it does not believe that President Mohammed Zia ul-Haq of Pakistan knew in advance about an attack on the U.S. Embassy in Islamabad in 1979.

In a written response submitted to the Senate Foreign Relations Committee, the department also said there was "no evidence to suggest" that any of the attackers held or held a post in the Pakistani government.

The department's answers were in response to questions submitted during a hearing Nov. 12 on a sale of F-16 fighters to Pakistan. A proposal to block the sale was subsequently rejected.

Two U.S. servicemen, two Pakistani employees of the embassy and a demonstrator were killed during the attack Nov. 21, 1979, 17 days after Iranian militants occupied the U.S. Embassy in Tehran and seized hostages.

On June 19, 1980, the State Department told Congress that cases were still pending in Pakistani courts against several persons arrested after the attack.



Mohammed Zia ul-Haq

## S. Africa Pledges Public Inquest in Prisoner's Death

**Reuters**  
CAPE TOWN — Justice Minister H. K. Coetsee says that a public inquest will be held into the death of a union organizer while he was in government detention.

Helen Suzman, an opposition member of parliament, alleged Tuesday that Dr. Neill Aggett, 29, was subjected to inhuman and degrading treatment before his death this month. The police deny this and say he committed suicide. Mr. Coetsee said Wednesday that an inquest would be held.

Dr. Aggett was the 46th person, and the first white, to die in detention since 1963, according to civil rights groups. Dr. Aggett was the Transvaal secretary for a black union.

Mrs. Suzman, 64, caused an uproar in parliament by reading a letter from an unidentified detainee that alleged Dr. Aggett had been forced to do exercises and then was hit with a rolled newspaper or belt when he tired. The police minister, Louis le Grange, denied the allegation, and Mr. Coetsee accused Mrs. Suzman of fabricating it.

## Law-Abiding Kuwait Upset by Kidnapping

**By David B. Ottaway**  
*Washington Post Service*  
KUWAIT — The first kidnapping of a child for ransom here last week has sent shock waves through this tiny Gulf nation, whose huge oil wealth makes it potentially fertile ground for such activities.

While the two kidnappers involved were caught within 20 hours after they seized the child of a well-known Kuwaiti businessman, the fact that one was a Kuwaiti caused a major sensation.

Until recently, Kuwait was relatively crime-free, particularly free of rape, murder and kidnapping. But the onset of what Kuwaitis like to think of as Western social diseases was highlighted last fall when three persons were hanged for kidnapping, raping and killing two girls; then two others were hanged for the armed robbery and murder of a money changer. All were foreigners.

Particularly compared with the United States, Kuwait has a low incidence of violent crime. Kuwaitis tend to blame what problems they have on the large foreign community — particularly Asians, Egyptians and Palestinians — that constitutes more than half the country's 1.2 million population and 70 percent of the work force.

But the latest kidnapping was the first time that such a crime involved a Kuwaiti from a well-off family. He was identified as Fahd Abdul Salem Najjar, 25, an interior decorator. His accomplice was Egyptian.

The kidnapping took place early Tuesday when the two men seized the sleeping 4-year-old son of the Kuwaiti businessman, Salah al Sultan, from his home and demanded \$540,000 for his release.

The police were able to track the child, Samy, by interrupting all public telephone services as well as the thousands of phones installed in cars, thus forcing Mr. Najjar to use a private phone.

The first call came within hours of the kidnapping from the Hilton Hotel, where Mr. Najjar had a friend working as a barber who allowed him to use his phone. The friend was apparently unaware of the kidnapping.

**Beach Home Raided**  
The friend later told police he knew Mr. Najjar had access to a beach home in Kheiran, 80 miles south of the city. The police raided it, seized the kidnappers and freed the child unharmed.

During 20 hours of suspense, everyone in the government followed the case minute by minute, according to local press reports, which have treated it as the crime of the century.

Perhaps most disturbing to Kuwaitis was why Mr. Najjar, himself the son of a Kuwaiti businessman, would be involved in such a crime. The answer seems to be that the enormous wealth of this country is spawning its own social diseases. Kuwait has the highest per capita income in the world — about \$16,000 last year, according to a World Bank report.

**Faile in Studies**  
Mr. Najjar, it seems from press reports and one person who knew him, had failed in his studies and was taking drugs while working in his father's business. The week before the kidnapping, he either left the family or was disowned because of a disagreement with his father.

Penitent and possibly wishing to embarrass his family in retaliation, he turned to kidnapping, which seems to have been an amateurish operation with little hope of success in this small, closely knit society.

Many Kuwaitis are calling for his death to make an object lesson out of him. But most observers expect that, since Mr. Najjar is a Kuwaiti and the child was not harmed, he will be sentenced to life in prison instead.

Brig. Gen. Abdul Aziz Juma'a, a security official who briefed the press on the rescue operation, said, "We hear of kidnapping cases in the West but never here. Islamic society abhors this crime, and we are greatly relieved by such a swift action by our police."

**EEC Socialists Pick Glinne**  
*The Associated Press*  
STRASBOURG, France — Former Belgian Employment Minister Ernest Glinne, 50, has been re-elected president of the European Parliament's Socialist group. The group has 124 members, nearly one-third of the 434-member Parliament.

## Citicorp Escapes Legal Action in U.S.

**(Continued from Page 1)**  
no action. He noted that the investigation had found that "to a limited extent," the "conduct in question was illegal." But he called the transactions at issue old and insignificant.

"I do not subscribe to the theory that a company that violates tax and exchange control regulations is a bad corporation and disclosure of illegal conduct should be forced as a prophylactic measure," Mr. Fedders argued in the staff report.

Separately, the commission's Office of the General Counsel and the Division of Corporation Finance also argued against any enforcement action. They submitted a memorandum that described the violations as insignificant and argued that further disclosure would not benefit the bank's shareholders or potential investors.

Citing a recent internal SEC precedent, the two divisions argued that "it would be inappropriate to allege disclosure violations based on unadjudicated illegal or improper conduct by a company's officers and directors unless there were affirmative representations as to management's honesty and integrity in some document."

The two divisions also contended that Citicorp's "management made a reasonable and standard business judgment" by taking the "most profitable course," despite the knowledge that it was probably unlawful and risked penalties.

The banking practice at issue in the Citicorp case is the "parking" of overseas currency transactions. Parking is an accounting procedure that shifts, on paper, the profits from the sale or purchase of some currency out of high-tax areas to a tax haven.

Such shifting is common among multinational institutions, and it is legal provided that the paper transactions are not contrived and do not violate tax laws or exceed limits on local currency holdings imposed by various monetary authorities. A "contrived" transaction is one in which there is no legitimate buyer and seller and the price is inconsistent with prevailing prices.

**Looking at Transactions**  
European tax authorities, much like the U.S. authorities, look at transactions between related parties — such as a sale between a Citibank branch in Paris to one in the Bahamas — to see whether they are contrived. Liability for taxes cannot legally be avoided by an artificial transaction designed simply for that purpose.

The foreign investigations of Citibank's activities, begun after Mr. Edwards' charges were made public, provide some insight into some specifics of Citibank's parking.

From 1974 to 1978, Citibank Switzerland had more than \$83 million in profit from trading currencies, \$51.5 million of which was posted in Switzerland and reported to Swiss authorities and \$31.5 million of which was not, according to the commission's staff report.

Citibank agreed to pay Switzerland about \$5.7 million in "back taxes" and "administrative fees" for \$7.5 million in profit transferred to Nassau, the Bahaman capital, during that time in two clearly artificial transactions, the report said.

Citibank told the SEC "that

French tax authorities have concluded that Citibank Paris under-reported approximately \$550,000 for transactions in which Citibank Paris "virtually simultaneously bought and sold non-French currencies with Nassau, at different rates, which resulted in a loss on each transaction for Paris," according to the staff report.

**Payment of Fine**  
In the written statement prepared for a report, Citicorp said only that it had "paid a fine in one country in settlement of disputed allocations there."

In 1980, according to the staff report, the bank's trading accounted for 11 percent of the known foreign exchange market, and profit from currency trading produced 35 percent of the bank's total earnings.

Between 1974 and 1978, the SEC learned, Citibank parked in the Bahamas at least \$46 million, or about 11 percent of its foreign exchange earnings for that period.

Mr. Edwards, who worked in various Citibank branches in Europe, told Citibank auditors in March 1977 that the bank had parked in the Bahamas profits from contrived currency transactions at its European branches, according to the staff report.

Mr. Edwards was told "there was nothing to his suspicions," the report said, and in February, 1978, he provided his information to the bank's board. At that point, the bank was still declining to investigate Mr. Edwards' charges, though it did dismiss him.

**Special Review**  
On March 19, 1978, Mr. Edwards went to the SEC, and two days later Citicorp's audit committee asked the bank's outside counsel, the New York firm of Shearman & Sterling, to conduct a "special review," according to the report.

The staff investigation found that between 1973 and 1980, several Citibank branches exceeded and circumvented European exchange control and tax laws by "channeling the New York and Nassau branches of Citibank" to record on their books thousands of artificial foreign exchange purchases, sales or deposits.

These parking transactions were made in at least three different ways, varying "only in the ease of detection," the report said. In each instance the transactions were "completely controlled" by the European branches and usually involved artificial prices.

The staff report concluded that until 1975 transactions were at rates completely outside the range of actual transactions for that day. "From 1975 to 1978 they were still 'off-market,' or arbitrary, but within the price range of other transactions, and from 1978 through 1980 the transactions were booked at market rates.

After 1977, the parking was done by telephone, so that no record of the transaction appeared on the European branch's books shown to the local authorities, the staff report said.

**Hidden Books**  
As part of a plan to disguise the parking from the local authorities, Citibank maintained in New York an internal financial reporting system that reflected the real profits and losses being generated, the re-

port said. European authorities were not shown these books, which would have disclosed "clearly and readily provable violations of local exchange control regulations." Instead, the officials were given the so-called legal books of the European branches, according to the report.

"The practices and procedures of such parking were done pursuant to policies laid down by senior management in New York," the report said.

In early 1975, Mr. Wriston, Citibank's chairman, asked the bank's comptroller to conduct a survey of the bank's foreign exchange trading in Europe. That survey, completed seven months later, was received by Mr. Wriston and other top bank officials, the SEC found.

The survey, according to the report, noted that foreign regulations had become "more extensive and restrictive," and went on to recommend a number of off-book maneuvers such as "formatted telex messages" and two sets of books.

This system was intended, the survey said, to allow the bank to "comply with the letter (if not the spirit) of the locally imposed limitations."

The staff report said that "from at least 1974 through 1978, Citibank senior management approved European branches to maintain currency positions 'up to four times greater than those permitted by the local authorities.' These transactions were not recorded on the bank's normal books and records. The staff report also said that internal audits were used not to keep the operations legal but to ensure the appearance of legality."

**Argentine Police Find the Body of Missing Activist**  
*The Associated Press*  
BUENOS AIRES — Police have found the body of a former political activist reported kidnapped two weeks ago, the Interior Ministry has announced. The pregnant woman's disappearance had prompted an appeal from 30 of Argentina's leading cultural and political figures.

It was the first disappearance denounced this year by local human rights organizations. They said they believed it was a political kidnapping because of Mrs. Martinez's connection with the outlawed Socialist Workers Party.

The ministry's communiqué Wednesday said the death of Ana Maria Martinez, 31, was being treated as a homicide. It did not say how she was killed.

A coalition of artists and politicians headed by writers Jorge Luis Borges and Ernesto Sabato had appealed Monday for an investigation into her kidnapping.

The last two years have produced only a handful of such cases. But human rights groups here and abroad say between 6,000 and 15,000 people disappeared after being detained by security forces between 1975 and 1979. The government has ignored demands from human rights organizations and international agencies to clarify the fates of the missing people.

"Strictly confidential treatment is necessary," the bank survey said, because "disclosure could mean instructions to discontinue, and most involve tax claims and penalties."

At a 1975 conference of all the treasurers from Citibank's European branches, the executives were quoted as saying that the risk of detection and sanctions was "reasonable as compared to the risk of earning loss which would follow if the practice is stopped," according to the staff report.

**Reasonable Risk**  
In July, 1977, four months after Mr. Edwards blew the whistle, the senior management made changes in the booking of parking transactions, "which had the effect of making parking less detectable by foreign regulators," according to the staff report.

Also in 1977, internal Citibank documents were changed to mislead the Swiss and Italian authorities, the report said.

It said that in one April, 1977, internal memorandum on the shifting of profits, the bank noted, "There is no doubt in anybody's mind that if all the facts were to emerge, we would not have a case."

Around 1979, Citibank "retroactively changed its 1976 and 1977 books" before filing tax returns in Britain for those years, the report said. Though Citibank improperly shifted \$12 million in 1975 profit from London to the Bahamas, its returns for that year, which had already been filed, were not changed, the staff report asserted.

**Crucial Documents**  
SEC attorneys were concerned that several European governments were not provided crucial documents that might have significantly increased the bank's liabilities.

The governments did not have access to Citibank's internal financial reports, which reflected the real profits, "or other documents which show senior management directions to conceal parking," the staff report said. "Such knowledge could potentially have changed the additional tax assessments into more serious charges," it added. A crucial factor in proving criminal tax evasion is showing intent.

The staff concluded that the dual sets of books and concealment had "all the attributes of evasion of the law" and "illegal conduct."

The SEC did not try to uncover the full extent of questionable parking transactions by Citibank. Though it reviewed the bank's European transactions, for example, it did not look at parking transactions involving artificial rates at Citibank branches in eight Asian countries.

Last April, after pressure from U.S. officials, Citicorp's board called for the bank's foreign exchange and money market activities to be conducted legally, according to SEC documents. The board permitted parking to continue, but only at rates "that do not violate local law."

During the SEC investigation, Citicorp did not dispute any of the facts or evidence, but said that the matters were not material and that the bank's internal controls had been strengthened as a result of the investigations.



Whenever you rent a car from Europcar, you meet people who obviously enjoy serving you. People who know their job, who have confidence in their organization, confidence in the cars they give you — and people who like people. You get a feeling of friendly professionalism. We call it the Europcar Super Service.



You'll find the Europcar Super Service everywhere, throughout Europe, Africa and the Middle East (in the U.S. and Latin America, it's National Car Rental). Just call the nearest Europcar rental office or your travel agent for reservations. Then you'll be helped by the Super Service people. You'll be in good hands, and off in a good car.

The brandy Napoleon did not drink

but Alexander did. (known as the Great)

**METAXA** the Greek classic







Handwritten scribbles and numbers at the top of the page.

**BUSINESS NEWS BRIEFS**

**Harvester Has Quarterly Loss of \$299.4 Million**

CHICAGO — International Harvester announced a fiscal first-quarter net loss of \$299.4 million at its annual stockholders meeting Thursday. Chairman Archie R. McCardell blamed the losses on a depressed market and high interest rates, but he predicted a return to profitability in the second half of fiscal 1982.

**Alsands Backers to Stay, But Seek Concessions**

CALGARY — The five remaining members of the consortium backing the \$13-billion Alsands project have decided to stick with the project, consortium president Edward Czaja said Thursday.

**12 Japanese Firms Set Video Tape Standards**

TOKYO — Twelve Japanese manufacturers of video tape recorders and tapes have agreed to unify standards of eight-hour cassette tapes for VHS-format video recorders, Victor of Japan (JVC) said Thursday.

**5 Firms Win Bids on \$1.4-Billion Saudi Refinery**

JIDDA — Five firms won contracts to build a \$1.4-billion refinery in Jubail, a joint venture between Petromin of Saudi Arabia and the Royal Dutch Shell group, Petromin sources said Thursday.

**Deutsche Lufthansa Expects Small '81 Profit**

COLOGNE — Deutsche Lufthansa expects to show a small net profit for 1981 after a net profit in 1980 of 5.55 million Deutsche marks, despite a 1981 operating loss that follows one of 115 million DM in 1980.

**ACC Advises No Action on Bell's New Bid**

LONDON — The board of Associated Communications Corp. is advising shareholders to take no action on Bell Group's increased bid and Heron Corp.'s plan to raise its offer, ACC said Thursday.

**Conrail Announces Its First Annual Net Income**

PHILADELPHIA — Conrail's net income in 1981 reached \$39.2 million — the first annual net income since Conrail began operations in 1976, company officials announced.

**Mexican Peso Falls Sharply In Free Float**

MEXICO CITY — Mexico's central bank allowed the peso to float freely on world exchanges Thursday and it promptly fell by around 30 percent against the dollar.

The trait was quoted at an average 38 to the dollar compared with 26.75 Wednesday at bank note rates. A number of Mexican banks did not post exchange rates and would not buy or sell dollars.

In Chicago, Mexican peso futures fell sharply in early trading. Dealers said the decision by the Mexican bank was unexpected.

Later, Mexico's central bank said the decision to temporarily stop support of the peso represents part of an integrated program, which will be revealed shortly.

In London, Enrique Castro, a sub-director of the Mexican Finance Ministry, said he did not know of the other measures in the package. Neither could he suggest at what level the central bank hoped to see the peso settle.

But the bank feels that this is the first economic policy change that international banks wanted to see," he said.

There were indications that the peso's decline was larger than Mexican officials had anticipated. Dealers in London were quoting the peso Thursday afternoon at about 35 to the dollar, compared with 27 shortly before the announcement.

Mr. Castro noted, however, that when the peso was last floated in 1976, it fell swiftly to about 28 against the dollar, from about 12.50 before the announcement, and then settled at 16.50.

The peso was allowed to devalue gradually last year against the dollar by about 12 percent.

The unit has been under strong pressure recently following an almost doubling of Mexico's balance of payments deficit last year to \$11 billion dollars, while inflation rose 28 percent.

The central bank has operated a "dirty float" in recent years, allowing regular mini-devaluations to relieve the pressure slowly.

Among the main reasons for the pressure on the value of the peso, the bank listed the impact in the oil market, soaring interest rates which badly hit its foreign loans and a lowering in the price of important commodities such as silver and coffee.

Mexico, the world's fourth largest oil producer, has depended on an economic policy of high growth to create much needed jobs and industrialize the country.

The central bank said the government intends to continue this policy and the flotation decision was influenced by it.

The bulletin said the bank "will be prepared to avoid disorderly conditions in the market and to restore stability in its tendencies as quickly as possible."

**Oil Glut May Be a Huge Swamp**

By Nicholas Moore  
Reuters

LONDON — The oil industry is beginning to suspect the current glut is bigger than it thought, Western oil company executives and energy officials said.

Unless Saudi Arabia acts soon with a sizable and well-publicized output cut, it might be too late to halt the current price slide, they said.

The present underlying level of oil consumption may be below most recent estimates, and there are some doubts as to whether the traditional summer build-up of refiners' stocks will be big enough this year to buoy demand in the months when oil consumption is lowest, they said.

Most industry estimates now put OPEC production at around 20 million barrels daily. This is 2 million below what several OPEC leaders predicted for this quarter when last autumn they fixed a price structure around a benchmark of \$34 a barrel for Saudi light crude.

The low OPEC production total can be attributed in part to a reduction of oil companies' surplus stocks, industry experts said, adding they do not know how large this draw down has been.

**U.S. Seeks Sharp Cuts in Aid Bank Money**

WASHINGTON — The White House, in a major policy statement, said Thursday it wants to cut future U.S. contributions to low-interest loans made by international development banks to poor nations by 30 to 45 percent in "real terms."

It also proposed that countries pledging capital as backing for the World Bank no longer be required to put up part of that capital in cash.

Treasury Undersecretary Beryl Sprinkel said the administration proposal to disperse with this paying in cash would require the World Bank to scale down its hard loans.

The proposals were made in a 194-page position paper by the Treasury, State Department and other agencies on administration policy toward international development banks.

Its main themes were that the administration wants to channel development aid toward countries that encourage free markets, emphasize private-sector development with minimal government involvement and take economic steps to help themselves.

The report urged reductions of 30 to 45 percent "in real terms" in U.S. contributions to the "soft loan windows" of international development banks.

**UAW Local Chiefs Vote to Accept Ford Agreement**

CHICAGO — Local leaders of the United Automobile Workers at Ford Motor voted 132-12 to accept a tentative agreement that includes wage and benefit concessions by employees as well as company assurances on job security.

Meanwhile, General Motors, calling the Ford agreement an important development, said Thursday it will be talking with the UAW about resuming contract talks after Ford workers' as a whole vote.

Talks on a new GM contract collapsed last month and no talks are scheduled until the normal mid-July starting time. GM's present three-year contract expires Sept. 14.

The UAW leaders' acceptance of the Ford pact is the second in a three-step union ratification process. The final step is a vote by the approximately 150,000 union members eligible, to be completed by Feb. 28.

Wednesday's vote came despite the reported opposition of a minority of Ford workers who said that the agreement traded away too much in return for vague guarantees of job security. More than a third of Ford's production workers are on indefinite layoff.

The agreement would eliminate the annual 3 percent salary increase and six paid holidays a year, as well as impose a nine-month freeze on pay adjustments based on the Consumer Price Index.

**ITC Sees Validity In Steel Complaints**

From Agency Dispatches

WASHINGTON — The U.S. International Trade Commission ruled Thursday that the government should continue to investigate charges that European steelmakers are selling products in the United States at illegally low prices.

The preliminary action sends 38 cases against nine foreign countries to the Commerce Department, which must finally decide whether the accusations are valid.

In reaching its verdict, the five-member ITC rejected 54 other unfair trade petitions filed against the countries. Seven U.S. steelmakers originally took 92 cases to the ITC on Jan. 11, charging foreign competitors with dumping, or selling steel on the U.S. market at prices below the cost of production, and using government subsidies to lower prices.

ITC Chairman William Alberger said the preliminary ruling means "there is a reasonable indication of material injury" to domestic steelmakers. However, other commissioners said too many steel industry troubles are attributed to unfair imports.

The 38 complaints that were left alive cover \$1.26 billion in steel imports, or 85 percent of the value of goods covered under the complaints, and 3.5 million tons, or 89 percent of imports in the complaints.

In Strasbourg, a top European trade official struck out at the anti-dumping measures initiated by the U.S. steel industry, saying the EEC would react with "utmost firmness and resolve."

"The instigation of the proceedings is clearly a sanction applied against the European steel industry," Etienne Davignon, the EEC

commissioner for industrial affairs, said before the ITC action was announced.

ITC Commissioner Michael J. Calhoun said Thursday that stopping imports "will not significantly address the underlying and significant problems this industry faces."

The Commerce Department must determine by June whether the imports were sold in the United States at less than their fair value or were subsidized. The cases will then return to the ITC for a final injury test. The investigations could continue until next fall. Ultimately, penalty duties could be applied.

The commissioners accepted one of six cases against Brazil, six of 13 against Belgium, six of 14 against France, four of 12 against Italy, two of 11 against Luxembourg, four of eight against Netherlands, the only case against Romania, six of 13 against Britain and eight of 14 against West Germany.

Two other countries against which the industry filed complaints, South Africa and Spain, were excluded from the injury investigation by the ITC but will be further investigated by the Commerce Department.

**U.S. Capacity Use Lowest Since '75, Fed Reports**

WASHINGTON — U.S. manufacturers operated at just 70.4 percent of capacity last month, the lowest rate since the severe recession of 1975, the Federal Reserve Board said Thursday.

The operating rate for the automobile industry fell to its lowest level in at least 34 years, and there also were sizable declines in other categories, the report said.

The drop of 2.6 percentage points from December's overall factory use figure was the steepest decline since the 2.7 percent drop of May, 1980, during that year's sharp but short recession.

The current recession, now at least six months old by most accounts, was still deepening in January, the new figures indicated. However, the Federal Reserve report said January figures were pulled down by the effects of weather, as had been the earlier reported 3-percent decline in industrial production.

**Investors Turn Positive on P&G**

By Robert Metz  
New York Times Service

NEW YORK — Procter & Gamble may be a hero in an uncertain economic environment, as many on Wall Street are saying.

Analysts were scheduled to appear Thursday at company headquarters for a meeting with top management.

What is impressive about the meeting is that it is happening at all. The company has long been reluctant to expose its chief executives to analysts' questions.

From a market point of view, it could not have happened at a better time. Shares of P&G — and those of other leading household product companies — are trading near their year's highs.

Investors have turned positive on the group partly because other groups are out of favor, suffering amid the economic uncertainty.

**Bundesbank Says It Can't Yet Risk Interest Rate Cut**

FRANKFURT — The Bundesbank said Thursday it cannot run the risk of a premature cut in West German interest rates which could weaken the mark, increase the cost of imported goods and fuel inflation.

In its latest monthly report, it said since last autumn it has used to the utmost limit the leeway to relax its monetary policy. A more rapid cut in interest rates against the current of recent developments would probably have threatened the stability of the mark.

Still another factor is that Procter & Gamble's \$3-billion capital spending program of the last five years — more than double the outlays of the prior five years — is beginning to pay off.

P&G, which had sold as high as 2.4 times the multiple accorded the Standard & Poor's index of 400 industrials in 1974, had dropped to less than the S&P 400 multiple in 1980. The shares have since regained investor interest and are currently selling at a slight premium to the S&P 400.

Mr. Meade concludes, "I believe earnings per share could rise at a rate of 14 percent to 15 percent a year over the next five years."

"This would support a premium price of possibly 1.3 times the S&P. That would imply a price earnings multiple of 10 to 11 on

To Our Readers  
Because of transmission problems between Paris and Zurich, we are not able to publish NYSE and Amex closing prices, together with closing U.S. commodity prices, in all editions.

**CURRENCY RATES**

Interbank exchange rates for Feb. 18, 1982, excluding bank service charges.

	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amsterdam	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Bremen	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Frankfurt	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
London (C)	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
London (F)	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Paris	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Porto	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Stockholm	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Zurich	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1 BCU	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1 SDR	2.63	4.72	1.00	1.00	1.00	1.00	1.00	1.00	1.00

**Dollar Values**

	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Amsterdam	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Bremen	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Frankfurt	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
London (C)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
London (F)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Paris	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Porto	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Stockholm	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Zurich	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1 BCU	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
1 SDR	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(1) Commercial bank. (2) Amounts needed to buy one pound. (3) Units of 100. (4) Units of 1,000.

**Highlights of the year 1981**

**Consolidated statement of condition**

December 31, 1981		Liabilities and stockholder's equity	
<b>Assets</b>		<b>Deposits</b> ..... \$5,313,908,922	
Cash and demand accounts.....	\$ 169,621,462	Short-term borrowings.....	669,848,103
Interest bearing deposits with banks.....	2,657,402,061	Acceptances outstanding.....	539,782,315
Precious metals.....	61,468,925	Accrued interest payable.....	184,146,010
Investment securities.....	925,450,818	Other liabilities.....	38,341,351
Federal funds sold and securities purchased under agreements to resell.....	133,300,000		
Loans, net of unearned income.....	2,493,836,243	<b>Stockholder's equity</b>	
Allowance for possible loan losses.....	(45,675,358)	Common stock.....	325,000,000
Loans (net).....	2,448,160,885	Surplus.....	65,000,000
Customers' liability under acceptances.....	530,024,305	Undivided profits.....	127,471,176
Bank premises and equipment.....	52,141,427	Total stockholder's equity.....	517,471,176
Accrued interest receivable.....	193,534,677		\$7,263,497,877
Other assets.....	92,393,317		
	\$7,263,497,877	Letters of credit outstanding.....	\$ 292,811,271

The portion of the investments in precious metals and the precious metal content of silver coins not hedged by forward sales was \$1.6 million at December 31, 1981.

Republic New York Corporation Summary of results	Twelve months ended December 31, 1981		Three months ended December 31, 1981	
	1981	1980	1981	1980
Income before securities gains (losses).....	\$73,690,928	\$73,984,513	\$18,295,941	\$16,023,220
Net income.....	67,865,570	57,740,873	15,497,822	11,183,064
Earnings per common share (after dividends on preferred stock):				
Income before securities gains (losses).....	\$6.13	\$6.74	\$1.52	\$1.31
Net income.....	5.60	5.15	1.27	.87
Dividends declared.....	1.20	.94	.30	.26
Fifth Avenue at 40th Street, New York, New York 10018 (32 offices in Manhattan, Bronx, Brooklyn, Queens & Suffolk County) Member Federal Reserve System/Member Federal Deposit Insurance Corporation Buenos Aires, Cayman Islands, Hong Kong, London, Los Angeles, Miami, New York, Nassau, Panama City, Santiago, Singapore, Tokyo				

**Republic National Bank of New York**

A subsidiary of Republic New York Corporation  
Member of Trade Development Bank Holding Group

TDBH Group banks: Geneva, London, Paris, Luxembourg, New York (Republic National Bank of New York), Athens, Buenos Aires, Chiao, George Town, Hong Kong, Los Angeles, Miami, Monte Carlo, Montevideo, Nassau, Panama City, Pinar del Rio, Santiago de Chile, Singapore. Representative offices: Beirut, Caracas, Frankfurt, Mexico City, Rio de Janeiro, São Paulo, Tokyo

**JAMES PLACE**  
A luxury and unique apartment building in the most prestigious part of Washington D.C., near the Four Seasons Hotel.  
Built in the Watergate tradition of Elegance and Prestige by Watergate Development Inc.  
Prices for James Place residences range from \$118,500 to \$375,000.  
For full color brochure and detailed information contact our European representative:  
**Univestors S.A.**  
30, avenue Legrand, 1050 Brussels, Belgium  
Tel: 25.304 - Tel: 649.96.66/65/64



Tables include the nationwide prices run to the closing on Wall Street.

## THREE STARS and PROFITS

Every field of endeavor is filled with fiction promoted to the public by the Establishment. For years, the myth of Enron as a fictional corporation has been the lifeblood of the fiction writers. The *Wall Street Journal* recently awarded a British restaurant the over-cooked Three Star status. Wall Street myths will control the manic-depressive behavior of investors, consider the overall price levels of Exxon, Ford, G.M., Inco, Sears and Texaco; to name but a few listed behemoths that have been driven down by those with a penchant for buying on highs, and selling on lows. In predicting during summer doldrums, that the "DOW" will touch 1,000, before hitting 750?, our researchers defied prevailing opinion. One must realize at all times that the stock is not as different than a Medina or a phish office in Zurich, sheltering Goons in their arcane transactions; the common denominator being the ability of "insiders" to accumulate inventories at "wholesale", retailing to the masses at a "markup". Our current letter discusses why a massive bull market is spawning a market that will ignite secondary and over-the-counter stocks. Additionally, our editors highlight a \$5 million equity that is dictating a major mineral oil stock move. We also discuss the company's own stock rise to a "legend" and the price movement. We are also reviewing an emerging oil and gas corporation that is developing into a dominant entity among juniorized, but dynamic, natural resource equities. Having predicted, months ago, the take-over of Marathon Oil, we now advise readers to stake over Amerasia Ross and Pennwalt, both of whom will be gobbled up by petroleum companies at a price. For your commentary copy of this report, write us.

**CAPITAL  
GAINS  
RESEARCH**

**F.P.S. FINANCIAL PLANNING SERVICES BV**  
Kolverstraat 112, 3rd Floor  
1012 PK AMSTERDAM, Holland.  
Phone: (0) 20 - 250477/229873; Telex: 18536

NAME: .....  
ADDRESS: .....  
.....  
PHONE: .....  
JLT

**PORTINAX DEVELOPMENT LIMITED**

Bid: U.S. \$2.20. Asked: U.S. \$2.50.  
As of date: February 17, 1982.  
J. STROEVE & CO. (Est. 1818)  
Members Amsterdam Stock Exchange  
Kerkstraat 363 - 1017 HW Amsterdam - The Netherlands  
Tel.: 243075 - Telex: 16396

**New Issue**  
**February 19, 1982**

**This advertisement appears  
as a matter of record only.**

# COMMONWEALTH OF AUSTRALIA

**DM 200,000,000**

## 9<sup>3</sup>/<sub>8</sub>% Deutsche Mark Bearer Bonds of 1982/1991

Offering Price:	100%
Interest:	9% p.a., payable annually on February 15
Maturity:	February 15, 1991
Listing:	Frankfurt am Main

**Deutsche Bank**  
Aktiengesellschaft

<b>Anro International Limited</b> <b>Credit Suisse First Boston Limited</b> <b>Morgan Stanley International</b>	<b>Banque Nationale de Paris</b> <b>Dresdner Bank Aktiengesellschaft</b> <b>Nomura International Limited</b>	<b>Commerzbank Aktiengesellschaft</b> <b>Kiöder, Peabody International Limited</b> <b>Swiss Bank Corporation International Limited</b> <b>Wood Gundy Limited</b>
<b>Union Bank of Switzerland (Securities) Limited</b>	<b>Westdeutsche Landesbank Girozentrale</b>	
<b>Alhali Bank of Kuwait (K.S.C.)</b> <b>Arnhold and S. Blechroeder, Inc.</b> <b>Julius Baer International Limited</b> <b>Banco di Roma per la Svizzera</b>	<b>Algemene Bank Nederland N.V.</b> <b>Atlantic Capital Corporation</b> <b>Banca Commerciale Italiana</b> <b>Bank of America International Limited</b> <b>Bank Mees &amp; Hope NV</b>	<b>Arab Banking Corporation (ABC)</b> <b>Baden-Württembergische Bank Aktiengesellschaft</b> <b>Banca del Gottardo</b> <b>Bank für Genosswirtschaft Aktiengesellschaft</b> <b>Bank of Tokyo International Limited</b>
<b>Bank Lau International Ltd.</b> <b>Banque Bruxelles Lambert S.A.</b> <b>Banque de l'Indochine et de l'Extrême Orient</b> <b>Banque de Paris et des Pays-Bas</b> <b>Banque Rothschild</b>	<b>Banque Française du Commerce Extérieur</b> <b>Banque Internationale à Luxembourg S.A.</b> <b>Banque de Paris et des Pays-Bas (Suisse) S.A.</b> <b>Barclays Bank International Limited</b> <b>Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft</b> <b>Berliner Bank Aktiengesellschaft</b> <b>Chase Manhattan Limited</b> <b>Country Bank Limited</b> <b>Crédit Lyonnais</b> <b>DB Finance (Hong Kong) Ltd.</b>	<b>Banque Générale du Luxembourg S.A.</b> <b>Banque de Neuchâtel, Schumacher, Mallet</b> <b>Banque Populaire Suisse S.A. Luxembourg</b> <b>Baring Brothers &amp; Co., Limited</b> <b>Bayerische Landesbank Girozentrale</b> <b>Berliner Handels- und Frankfurter Bank</b> <b>Christiana Bank og Kreditkasse</b> <b>Crédit Commercial de France</b> <b>Créditanstalt-Bankverein</b> <b>Richard Daus &amp; Co., Bankiers</b>
<b>H. Albert de Bary &amp; Co. N.V.</b> <b>Bayerische Vereinsbank Aktiengesellschaft</b> <b>Cazenove &amp; Co.</b> <b>Citigroup International Bank Limited</b> <b>Crédit Industriel d'Alsace et de Lorraine</b> <b>Daiwa Europe Limited</b> <b>Deutsche Bank Aktiengesellschaft</b> <b>DG Bank</b> <b>Deutscher Genossenschaftsbank</b> <b>Euromobiliare S.p.A.</b>	<b>Deutsche Girozentrale – Deutsche Kommunalbank – Dillon, Read Overseas Corporation</b> <b>Euro-Pacific Finance Corporation Limited</b> <b>Girozentrale und Bank der internationalen Sparkassen Aktiengesellschaft</b> <b>Groupement des Banquiers Privés Genevois</b> <b>Hill Samuel &amp; Co. Limited</b> <b>Kleinwort, Benson Limited</b> <b>Kuwait Foreign Trading Contracting &amp; Investment Co. (B.A.K.)</b> <b>Landesbank Rheinland-Pfalz – Girozentrale</b> <b>Lloyds Bank International Limited</b> <b>March, Fink &amp; Co.</b> <b>Samuel Montagu &amp; Co. Limited</b> <b>Norddeutsche Landesbank Girozentrale</b> <b>Ord Minnett</b> <b>Potter Partners</b> <b>Rothschild Bank AG</b> <b>J. Henry Schroder Wagg &amp; Co. Limited</b> <b>Smith Barney, Harris Upham &amp; Co. Incorporated</b> <b>Steuers, Turnbull &amp; Co.</b> <b>Verband Schweizerischer Kantonalbanken</b> <b>M.M. Warburg-Brinckmann, Wirtz &amp; Co.</b> <b>Westfälische Bank Aktiengesellschaft</b>	<b>Bayische Handelsbank Girozentrale</b> <b>Berliner Handels- und Frankfurter Bank</b> <b>Christiana Bank og Kreditkasse</b> <b>Crédit Commercial de France</b> <b>Créditanstalt-Bankverein</b> <b>Richard Daus &amp; Co., Bankiers</b> <b>The Development Bank of Singapore Limited</b> <b>Effektenbank-Warburg Aktiengesellschaft</b> <b>European Banking Company Limited</b> <b>Goldman Sachs International Corp.</b> <b>Hambros Bank Limited</b> <b>Industriellbank von Japan (Deutschland) Aktiengesellschaft</b> <b>Kreditbank N.V.</b> <b>Kuwait International Investment Co. s.a.k.</b> <b>Lazard Frères et Cie</b> <b>Manufacturers Hanover</b> <b>Merrill Lynch International &amp; Co.</b> <b>Morgan Grenfell &amp; Co. Limited</b> <b>Den norske Creditbank</b> <b>Orion Royal Bank Limited</b> <b>Privatbanken Aktieselskab</b> <b>N.M. Rothschild &amp; Sons Limited</b> <b>Schröder, Münchmeyer, Mengst &amp; Co.</b> <b>Société Générale</b> <b>Svenska Handelsbanken</b> <b>Vereins- und Westbank Aktiengesellschaft</b> <b>S.G. Warburg &amp; Co. Ltd.</b> <b>Yamatichi International (Europe) Limited</b>
<b>Antony Gibbs &amp; Sons Limited</b> <b>A. C. Goods &amp; Co.</b> <b>Hessische Landesbank – Girozentrale – Istituto Bancario San Paolo di Torino</b> <b>Kreditbank S.A. Luxembourgisee</b> <b>Kuwait Investment Company (S.A.K.)</b> <b>Lehman Brothers Kuhn Loeb International, Inc.</b> <b>McLeod Young Weir International Limited</b> <b>B. Metzler soel. Sohn &amp; Co.</b> <b>The Nikko Securities Co., (Europe) Ltd.</b> <b>Sal. Oppenheim jr. &amp; Cie.</b> <b>Pearson, Harding &amp; Pierson N.V.</b> <b>Renouf International (N.L.) Limited</b> <b>Salomon Brothers International</b> <b>Scandinavska Enskilda Banken</b> <b>Société Générale de Banque S.A. Trinka &amp; Burghardt</b> <b>J. Vortobel &amp; Co.</b> <b>J.B. Wera &amp; Son</b>		

**Become an Instant  
MILLIONAIRE**

6 Millions won weekly in Canadian Government lotteries. Enter NOW! For a free brochure and order form write: Winfall Enterprises, Dept. H 1117 St. Catherine St. West, Suite 712, Montreal, Quebec, Canada H3B 1H9.

High Low Close Gr%				
7000 AmCA Int	\$19 1/4	19	19 1/4	+ 1/4
114 Adm Price	\$19 1/4	19 1/4	19 1/4	0
7000 Amico E	\$7 1/2	7 1/4	7 1/4	- 1/4
7000 Agri Ind A	\$8 1/4	8 1/4	8 1/4	0
3484 Adl Energy	\$16 1/2	16 1/2	16 1/2	0
50 Afro Mkt	\$23 1/4	23 1/4	23 1/4	0
4200 Aps Cent	\$17	17	17	0
7915 Algoma St	\$37 1/2	37	37	- 1/2
2000 Andrus W A	\$12 1/2	12 1/2	12 1/2	0

## Toronto Stocks

**Closing Prices, Feb. 17, 1982**

High Low Class Ch's					
548	Abington	514	74	+ 1	14
549	B.P. Com	514	74	+ 1	14
550	Buck S R	514	74	+ 1	14
551	Bellon A	514	74	+ 1	14
552	Bonanza OH	514	74	+ 1	14
553	Bond	514	74	+ 1	14
554	Bromberg	514	74	+ 1	14
555	Brown	514	74	+ 1	14
556	ACPC	514	74	+ 1	14
557	ACPC	514	74	+ 1	14
558	ACPC	514	74	+ 1	14
559	ACPC	514	74	+ 1	14
560	ACPC	514	74	+ 1	14
561	ACPC	514	74	+ 1	14
562	ACPC	514	74	+ 1	14
563	ACPC	514	74	+ 1	14
564	ACPC	514	74	+ 1	14
565	ACPC	514	74	+ 1	14
566	ACPC	514	74	+ 1	14
567	ACPC	514	74	+ 1	14
568	ACPC	514	74	+ 1	14
569	ACPC	514	74	+ 1	14
570	ACPC	514	74	+ 1	14
571	ACPC	514	74	+ 1	14
572	ACPC	514	74	+ 1	14
573	ACPC	514	74	+ 1	14
574	ACPC	514	74	+ 1	14
575	ACPC	514	74	+ 1	14
576	ACPC	514	74	+ 1	14
577	ACPC	514	74	+ 1	14
578	ACPC	514	74	+ 1	14
579	ACPC	514	74	+ 1	14
580	ACPC	514	74	+ 1	14
581	ACPC	514	74	+ 1	14
582	ACPC	514	74	+ 1	14
583	ACPC	514	74	+ 1	14
584	ACPC	514	74	+ 1	14
585	ACPC	514	74	+ 1	14
586	ACPC	514	74	+ 1	14
587	ACPC	514	74	+ 1	14
588	ACPC	514	74	+ 1	14
589	ACPC	514	74	+ 1	14
590	ACPC	514	74	+ 1	14
591	ACPC	514	74	+ 1	14
592	ACPC	514	74	+ 1	14
593	ACPC	514	74	+ 1	14
594	ACPC	514	74	+ 1	14
595	ACPC	514	74	+ 1	14
596	ACPC	514	74	+ 1	14
597	ACPC	514	74	+ 1	14
598	ACPC	514	74	+ 1	14
599	ACPC	514	74	+ 1	14
600	ACPC	514	74	+ 1	14
601	ACPC	514	74	+ 1	14
602	ACPC	514	74	+ 1	14
603	ACPC	514	74	+ 1	14
604	ACPC	514	74	+ 1	14
605	ACPC	514	74	+ 1	14
606	ACPC	514	74	+ 1	14
607	ACPC	514	74	+ 1	14
608	ACPC	514	74	+ 1	14
609	ACPC	514	74	+ 1	14
610	ACPC	514	74	+ 1	14
611	ACPC	514	74	+ 1	14
612	ACPC	514	74	+ 1	14
613	ACPC	514	74	+ 1	14
614	ACPC	514	74	+ 1	14
615	ACPC	514	74	+ 1	14
616	ACPC	514	74	+ 1	14
617	ACPC	514	74	+ 1	14
618	ACPC	514	74	+ 1	14
619	ACPC	514	74	+ 1	14
620	ACPC	514	74	+ 1	14
621	ACPC	514	74	+ 1	14
622	ACPC	514	74	+ 1	14
623	ACPC	514	74	+ 1	14
624	ACPC	514	74	+ 1	14
625	ACPC	514	74	+ 1	14
626	ACPC	514	74	+ 1	14
627	ACPC	514	74	+ 1	14
628	ACPC	514	74	+ 1	14
629	ACPC	514	74	+ 1	14
630	ACPC	514	74	+ 1	14
631	ACPC	514	74	+ 1	14
632	ACPC	514	74	+ 1	14
633	ACPC	514	74	+ 1	14
634	ACPC	514	74	+ 1	14
635	ACPC	514	74	+ 1	14
636	ACPC	514	74	+ 1	14
637	ACPC	514	74	+ 1	14
638	ACPC	514	74	+ 1	14
639	ACPC	514	74	+ 1	14
640	ACPC	514	74	+ 1	14
641	ACPC	514	74	+ 1	14
642	ACPC	514	74	+ 1	14
643	ACPC	514	74	+ 1	14
644	ACPC	514	74	+ 1	14
645	ACPC	514	74	+ 1	14
646	ACPC	514	74	+ 1	14
647	ACPC	514	74	+ 1	14
648	ACPC	514	74	+ 1	14
649	ACPC	514	74	+ 1	14
650	ACPC	514	74	+ 1	14
651	ACPC	514	74	+ 1	14
652	ACPC	514	74	+ 1	14
653	ACPC	514	74	+ 1	14
654	ACPC	514	74	+ 1	14
655	ACPC	514	74	+ 1	14
656	ACPC	514	74	+ 1	14
657	ACPC	514	74	+ 1	14
658	ACPC	514	74	+ 1	14
659	ACPC	514	74	+ 1	14
660	ACPC	514	74	+ 1	14
661	ACPC	514	74	+ 1	14
662	ACPC	514	74	+ 1	14
663	ACPC	514	74	+ 1	14
664	ACPC	514	74	+ 1	14
665	ACPC	514	74	+ 1	14
666	ACPC	514	74	+ 1	14
667	ACPC	514	74	+ 1	14
668	ACPC	514	74	+ 1	14
669	ACPC	514	74	+ 1	14
670	ACPC	514	74	+ 1	14
671	ACPC	514	74	+ 1	14
672	ACPC	514	74	+ 1	14
673	ACPC	514	74	+ 1	14
674	ACPC	514	74	+ 1	14
675	ACPC	514	74	+ 1	14
676	ACPC	514	74	+ 1	14
677	ACPC	514	74	+ 1	14
678	ACPC	514	74	+ 1	14
679	ACPC	514	74	+ 1	14
680	ACPC	514	74	+ 1	14
681	ACPC	514	74	+ 1	14
682	ACPC	514	74	+ 1	14
683	ACPC	514	74	+ 1	14
684	ACPC	514	74	+ 1	14
685	ACPC	514	74	+ 1	14
686	ACPC	514	74	+ 1	14
687	ACPC	514	74	+ 1	14
688	ACPC	514	74	+ 1	14
689	ACPC	514	74	+ 1	14
690	ACPC	514	74	+ 1	14
691	ACPC	514	74	+ 1	14
692	ACPC	514	74	+ 1	14
693	ACPC	514	74	+ 1	14
694	ACPC	514	74	+ 1	14
695	ACPC	514	74	+ 1	14
696	ACPC	514	74	+ 1	14
697	ACPC	514	74	+ 1	14
698	ACPC	514	74	+ 1	14
699	ACPC	514	74	+ 1	14
700	ACPC	514	74	+ 1	14
701	ACPC	514	74	+ 1	14
702	ACPC	514	74	+ 1	14
703	ACPC	514	74	+ 1	14
704	ACPC	514	74	+ 1	14
705	ACPC	514	74	+ 1	14
706	ACPC	514	74	+ 1	14
707	ACPC	514	74	+ 1	14
708	ACPC	514	74	+ 1	14
709	ACPC	514	74	+ 1	14
710	ACPC	514	74	+ 1	14
711	ACPC	514	74	+ 1	14
712	ACPC	514	74	+ 1	14
713	ACPC	514	74	+ 1	14
714	ACPC	514	74	+ 1	14
715	ACPC	514	74	+ 1	14
716	ACPC	514	74	+ 1	14
717	ACPC	514	74	+ 1	14
718	ACPC	514	74	+ 1	14
719	ACPC	514	74	+ 1	14
720	ACPC	514	74	+ 1	14
721	ACPC	514	74	+ 1	14
722	ACPC	514	74	+ 1	14
723	ACPC	514	74	+ 1	14
724	ACPC	514	74	+ 1	14
725	ACPC	514	74	+ 1	14
726	ACPC	514	74	+ 1	14
727	ACPC	514	74	+ 1	14
728	ACPC	514	74	+ 1	14
729	ACPC	514	74	+ 1	14
730	ACPC	514	74	+ 1	14
731	ACPC	514	74	+ 1	14
732	ACPC	514	74	+ 1	14
733	ACPC	514	74	+ 1	14
734	ACPC	514	74	+ 1	14
735	ACPC	514	74	+ 1	14
736	ACPC	514	74	+ 1	14
737	ACPC	514	74	+ 1	14
738	ACPC	514	74	+ 1	14
739	ACPC	514	74	+ 1	14
740	ACPC	514	74	+ 1	14
741	ACPC	514	74	+ 1	14
742	ACPC	514	74	+ 1	14
743	ACPC	514	74	+ 1	14
744	ACPC	514	74	+ 1	14
745	ACPC	514	74	+ 1	14
746	ACPC	514	74	+ 1	14
747	ACPC	514	74	+ 1	14
748	ACPC	514	74	+ 1	14
749	ACPC	514	74	+ 1	14
750	ACPC	514	74	+ 1	14
751	ACPC	514	74	+ 1	14
752	ACPC	514	74	+ 1	14
753	ACPC	514	74	+ 1	14
754	ACPC	514	74	+ 1	14
755	ACPC	514	74	+ 1	14
756	ACPC	514	74	+ 1	14
757	ACPC	514	74	+ 1	14
758	ACPC	514	74	+ 1	14
759	ACPC	514	74	+ 1	14
760	ACPC	514	74	+ 1	14
761	ACPC	514	74	+ 1	14
762	ACPC	514	74	+ 1	14
763	ACPC	514	74	+ 1	14
764	ACPC	514	74	+ 1	14
765	ACPC	514	74	+ 1	14
766	ACPC	514	74	+ 1	14
767	ACPC	514	74	+ 1	14
768	ACPC	514	74	+ 1	14
769	ACPC	514	74	+ 1	14
770	ACPC	514	74	+ 1	14
771	ACPC	514	74	+ 1	14
772	ACPC	514	74	+ 1	14
773	ACPC	514	74	+ 1	14
774	ACPC	514	74	+ 1	14
775	ACPC	514	74	+ 1	14
776	ACPC	514	74	+ 1	14
777	ACPC	514	74	+ 1	14
778	ACPC	514	74	+ 1	14
779	ACPC	514	74	+ 1	14
780	ACPC	514	74	+ 1	14
781	ACPC	514	74	+ 1	14
782	ACPC	514	74	+ 1	14
783	ACPC	514	74	+ 1	14
784	ACPC	514	74	+ 1	14
785	ACPC	514	74	+ 1	14
786	ACPC	514	74	+ 1	14
787	ACPC	514	74	+ 1	14
788	ACPC	514	74	+ 1	14
789	ACPC	514	74	+ 1	14
790	ACPC	514	74	+ 1	14
791	ACPC	514	74	+ 1	14
792	ACPC	514	74	+ 1	14
793	ACPC	514	74	+ 1	14
794	ACPC	514	74	+ 1	14
795	ACPC	514	74	+ 1	14
796	ACPC	514	74	+ 1	14
797	ACPC	514	74	+ 1	14
798	ACPC	514	74	+ 1	14
799	ACPC	514	74	+ 1	14
800	ACPC	514	74	+ 1	14
801	ACPC	514	74	+ 1	14
802	ACPC	514	74	+ 1	14
803	ACPC	514	74	+ 1	14
804	ACPC	514	74	+ 1	14
805	ACPC	514			

## Montreal Stocks

**Closing Prices, Feb. 17, 1968**

Stock	High	Low	Close	Chg
33 Bank Mont	\$21 3/4	21 1/4	21 1/4	-
27 Can Cmt	\$ 9 1/2	9 1/2	9 1/2	+
22 Con Batt	\$15 1/4	15 1/4	15 1/4	+
77 Dom TrlA	\$22 1/2	22 1/4	22 1/4	-
63 Norlark Cda	\$ 4	3 1/4	3 1/4	-
85 Power Co	\$13 1/4	13 1/4	13 1/4	+
20 Royal Bank	\$22	22 1/2	22 1/2	+
41 Steinberg A	\$24 1/2	24	24	-

## Canadian Indexes

Feb. 14, 1962

	Mean	Previo
	Index	CH
trial	291.26	291.26
WFO	1,644.60	1,644.60

Contract : Stock Exchange Industrials Index  
 Warrants : TSE 300 Index.





Tables include the nationwide prices up to the closing on Wall Street

[illegible]

By Tyler Marshall  
Los Angeles Times Service

The new government thinking also reflects growing disillusion

The frustrations that bedeviled investors in India in the past, including widespread bureaucratic

The new government attitude and the wary response by American and other Western businessmen are both reflected in investment figures.

duce photocopiers in India. It plans to export them to the Soviet Union. Xerox's local partner, Modi Rubber, plans to produce 3,000 Model 3107 copiers a year. Ponds (India), which is 40-per-

Revenues, Profits in Millions, in local currencies, unless otherwise indicated

<b>Australia</b>			<b>Year</b>		<b>1981</b>
			Revenue.....		3,100
			Profits.....		109.5
			Per Share.....		3.53
<b>CRA</b>			<b>1st Quar.</b>		<b>1981</b>
<b>Year</b>	<b>1981</b>	<b>1980</b>	Revenue.....		951.0
Revenue.....	1,850	2,130	Profits.....		72.0
Profits.....	12.47	17.52	Per Share.....		0.59
Per Share.....	0.029	0.40			
<b>France</b>			<b>Hewlett-Packard</b>		<b>1981</b>
<b>Ste Nationale Elf-Aquitaine</b>			<b>1st Quar.</b>		<b>1981</b>
<b>9 months</b>	<b>1981</b>	<b>1980</b>	Revenue.....		951.0
Revenue.....	77,560	54,560	Profits.....		72.0
Profits.....	2,360	4,300	Per Share.....		0.59
<b>Japan</b>			<b>International Harvester</b>		<b>1981</b>
<b>Canon</b>			<b>1st Quar.</b>		<b>1981</b>
<b>Year</b>	<b>1981</b>	<b>1980</b>	Revenue.....		1,500
Revenue.....	252,000	240,750	Net Loss.....		299.4
Profits.....	15,750	14,740			
<b>Benquet*</b>			<b>Safeway Stores</b>		<b>1981</b>
<b>4th Quar.</b>	<b>1981</b>	<b>1980</b>	Revenue.....		5,270
Revenue.....	58.3	58.0	Profits.....		47.69
Profits.....	2.3	5.5	Per Share.....		1.82
Per Share.....	0.06	0.18			
<b>Year</b>	<b>1981</b>	<b>1980</b>	Revenue.....		16,580
Revenue.....	243.0	234.7	Profits.....		114.60
Profits.....	23.5	33.2	Per Share.....		4.39
Per Share.....	0.78	1.10			
<b>United States</b>			<b>Southeastern</b>		<b>1981</b>
<b>Charter</b>			<b>4th Quar.</b>		<b>1981</b>
<b>4th Quar.</b>	<b>1981</b>	<b>1980</b>	Revenue.....		1,520
Revenue.....	1,710	1,240	Profits.....		23.0
Profits.....	181.5	76.30	Per Share.....		0.97
Per Share.....	0.59	0.27			
<b>Year</b>	<b>1981</b>	<b>1980</b>	Revenue.....		1981
Revenue.....	4,970	5,420	Revenue.....		553.4
Profits.....	55.95	49.36	Profits.....		0.3
Per Share.....	1.77	1.88	Per Share.....		0.17
<b>Goodrich (B.F.)</b>			<b>Unifroyal*</b>		<b>1981</b>
<b>4th Quar.</b>	<b>1981</b>	<b>1980</b>	Revenue.....		2,260
Revenue.....	735.5	779.7	Net.....		51.6
Profits.....	32.4	22.8	Per Share.....		1.76
Per Share.....	1.30	0.91			
<b>* Results in U.S. dollars</b>			<b>* Per share results after preferred dividends</b>		

- Amounts quoted are based on 1 year fixed time deposits.
- All interest paid is net and without deductions (taxes, etc.) at source.
- All transactions confidential.
- Deposits are unconditionally guaranteed.

**Write to Manager for further information.**

**NO TAX**  
**Straita Building Society**  
**Lighthouse Development**  
**Europa Point**  
**P.O. Box 363 - Gibraltar**  
**Tel.: 72546. Telex: 2297 STRAIS GK**

February 1982

February 1982















# For Owners, Baseball Strike Looks Costlier All the Time

By Thomas Boswell  
Washington Post Service

WASHINGTON — The results are in on last year's baseball strike. The inescapable conclusion: For the owners, it was all for naught. Baseball's salary-inflation spiral — the root cause of the strike and its real issue — has not been affected by the battle that cost the average franchise about \$1 million and the average player nearly \$60,000.

When the last contract is signed and the last decision is made, the mean major league salary for 1982 will be about \$235,000 — an increase in one year of nearly \$50,000 per player, according to the players' union.

Marvin Miller, the union president, says the dramatic upward graph of player salaries since the free-agent era began in 1976 "hasn't changed at all."

This season's salary jump, he says, "will be an all-time high," and even the rate of increase — 25 percent to 30 percent — will apparently be comparable to that of the last five seasons.

Few, if any, in management disagree with Miller's appraisal.

A Discouraging Month

This month has been particularly discouraging for those among baseball's hierarchy who, in the wake of their get-tough, last-stand strike, dreamed of easier financial times. The signings of Gary Carter by Montreal, for approximately \$15 million for eight years, and George Foster by the New York Mets for \$8.5 million for five years, are the latest examples that this is not the case.

The ever-increasing salaries are "like lava coming down the mountain at us," says Dick Wagner, the president of the Cincinnati Reds, who have lost Foster, Ken Griffey and Dave Collins from the payroll but still find themselves in the game's upper-echelon pay bracket.

It's the worst salary explosion we've had. At some point, things have to blow apart."

John McHale, the Montreal Expos' president, who signed Carter this week for almost \$2 million a year, says, "It's very scary. We're all betting the game will keep drawing people and that we'll be a winner. A great separation is coming in baseball between the haves and the have-nots. All of us are fighting to keep what we've got."

We can't afford not to sign players like Carter because we have to keep them to keep winning. It's a continual Catch-22."

Roy Eisenhardt, the Oakland A's owner, says of the cycle of desperation spending: "We are watching the definition of inflationary psychology in action. We rush to buy players on the assumption that if you don't buy today it'll cost even more tomorrow."

We are forced, out of a fear of failure, to do things that, in the long run, ensure failure."

A season of inflation for constraint among owners, says Eisenhardt, who is co-chairman of baseball's restructuring committee. "But we seem incapable of executing it."

"I get depressed," says Jerry Reinsdorf, one of the owners of the Chicago White Sox. "These 26

clubs talk about how they're in a partnership, but then they act like they're out to kill each other." The clubs are "waiting for pay TV to give us a margin for error," he says. "Now, we have none. That's no way to do business."

In this dollar vortex, rich and poor are intertwined like the drowning man who drags down the life guard trying to save him. As Baltimore's general manager, Hank Peters, says, "Because of salary arbitration, everybody is linked. The salary precedents established by the few can be devastating to many."

At the bottom of the pile, where resigned-to-defeat clubs are just trying to survive, let alone compete, the wailing is just as loud.

San Diego's president, Ballard Smith, whose team has opted for a \$3-million payroll and has minimal chance of escaping the cellar, laments, "After looking at all the numbers... we're almost better off losing than winning."

Smith says that if his team suddenly started winning, it might ruin the franchise, because with salary arbitration, his payroll could go up to \$7 million in two years.

Smith doubts his market could provide the 2.5 million, customers that he says would then be needed to break even.

Smith says his franchise must draw 1,750,000 to break even on a \$3-million payroll and that "we probably won't draw more than 1 million in 1982."

The team has never drawn more than 1,650,000. "I'm not sure we could draw 2.5 million," he says, "if we won the World Series."

Loosing Cheaply

The Expos' McHale estimates the payroll for a contending team at between \$6.5 million and \$10 million.

So, for the time being, losing cheaply may be the way to for teams like San Diego, Seattle and Minnesota to survive — in the absence of revenue sharing, especially the parceling of future cable TV cash.

When richer owners tell Smith that sharing with the baseball poor is socialism, he says he replies that "revenue sharing may be creeping socialism, but it's better than creeping bankruptcy."

"We didn't get anything out of the strike," Buzze Bava, the conservative president of the California Angels, said recently. "Our

United Press International

EAST RUTHERFORD, N.J. — Jerry Sloan has been fired as head coach of the Chicago Bulls, and Rod Thorn, the general manager of the National Basketball Association team, will take over as coach through the end of the season.

Sloan, in his third year with the Bulls, was dismissed Wednesday after Chicago lost to Phoenix, 91-86, on Tuesday night. It was Chicago's ninth loss in 10 games. Phil Johnson, Sloan's top assistant, coached the Bulls in their 115-105 loss to New Jersey on Wednesday night. Thorn will take over Sunday.

United Press International

EAST RUTHERFORD, N.J. — Jerry Sloan has been fired as head coach of the Chicago Bulls, and Rod Thorn, the general manager of the National Basketball Association team, will take over as coach through the end of the season.

Sloan, in his third year with the Bulls, was dismissed Wednesday after Chicago lost to Phoenix, 91-86, on Tuesday night. It was Chicago's ninth loss in 10 games. Phil Johnson, Sloan's top assistant, coached the Bulls in their 115-105 loss to New Jersey on Wednesday night. Thorn will take over Sunday.

United Press International

EAST RUTHERFORD, N.J. — Jerry Sloan has been fired as head coach of the Chicago Bulls, and Rod Thorn, the general manager of the National Basketball Association team, will take over as coach through the end of the season.

Sloan, in his third year with the Bulls, was dismissed Wednesday after Chicago lost to Phoenix, 91-86, on Tuesday night. It was Chicago's ninth loss in 10 games. Phil Johnson, Sloan's top assistant, coached the Bulls in their 115-105 loss to New Jersey on Wednesday night. Thorn will take over Sunday.

United Press International

EAST RUTHERFORD, N.J. — Jerry Sloan has been fired as head coach of the Chicago Bulls, and Rod Thorn, the general manager of the National Basketball Association team, will take over as coach through the end of the season.

Sloan, in his third year with the Bulls, was dismissed Wednesday after Chicago lost to Phoenix, 91-86, on Tuesday night. It was Chicago's ninth loss in 10 games. Phil Johnson, Sloan's top assistant, coached the Bulls in their 115-105 loss to New Jersey on Wednesday night. Thorn will take over Sunday.

United Press International

EAST RUTHERFORD, N.J. — Jerry Sloan has been fired as head coach of the Chicago Bulls, and Rod Thorn, the general manager of the National Basketball Association team, will take over as coach through the end of the season.

Sloan, in his third year with the Bulls, was dismissed Wednesday after Chicago lost to Phoenix, 91-86, on Tuesday night. It was Chicago's ninth loss in 10 games. Phil Johnson, Sloan's top assistant, coached the Bulls in their 115-105 loss to New Jersey on Wednesday night. Thorn will take over Sunday.

United Press International

"partial compensation" plan didn't do one thing."

Bavasi said some players are worth the big salaries. In the days following the signing of Reggie Jackson (for \$4 million for four years), Angel season ticket sales have jumped from 4,800 to 12,000.

"We've got three million new dollars sitting in the bank drawing interest," Bavasi said. "Reggie paid for his whole contract in one week. But the price of mediocre ballplayers is killing us. A guy who's half as good as Reggie isn't worth half his salary. He doesn't get it back at the gate."

If the strike didn't solve the dollar drain, what will? Says Bavasi: "We've got to do it ourselves."

Miller thinks that's already happened — illegally. It's the height of irony that as contract figures spiral upward, Miller is screaming that the owners are "colluding to hold down bidding on free agents."

Miller admits: "I don't have the smoking gun, but I have no doubt about the collusion.... This game has existed on the basis of collusive agreements for a century — from the draft to the reserve clause."

The pattern that Miller sees, supported by circumstantial evidence, is simple. He believes that no team bidding for a free agent has offered a contract for more than three years. Furthermore, no team has offered significantly more money per year than the player's original team has offered.

Exhibit A in supporting this case is the testimony of Ron Guidry's agent, John Schneider, who says that none of the 13 teams that bid for Guidry at the winter meetings offered more than a three-year contract or more than the approximate \$1-million annual salary for which the Yankees eventually resigned the pitcher.

Miller also believes that owners are signing their own players as free agents at free, under a gentleman's agreement, to offer a contract of any length or any salary, such as Guidry's four-year deal. Also, if the team losing a free agent acknowledges it has no interest in keeping him — as the Reds did in not even trying to resign Dave Collins (who signed for five years with the Yankees) — then, once again, the bidding is open. Finally, a team re-signing its own player, or trading a player before he can come up for free agency, can offer the moon — as in the case of Carter, Foster and Philadelphia's Mike Schmidt (\$7.5 million for five years).

So, according to Miller, this is the scenario: The owners agreed to try to crimp free agency a tad. But because they can never agree on anything, they left loopholes. Thus, player salaries have rocketed another \$50,000 a man.

Owners vehemently deny collusion.

The pattern on free-agent signings has to do with the lower quality of this particular free-agent crop," says Frank Cashen, the New York Mets' general manager. "The idea that we're putting a cap on salaries should be completely dispelled by what's happened in the last couple of weeks."

"If we're colluding," says Reins-

dorf of the White Sox, "we're doing a hell of a bad job of it. I'm amazed at the salaries I see."

If this winter's round of salary growth is baseball's latest destabilizing news, the sport has two counterbalancing trends.

First, the preliminary, perhaps overly optimistic, reading is that fans are not nearly as bitter toward the game after the strike of '81 as it was first feared. Clubs are marveling at how little negative feedback they have been receiving and report that season and advance ticket sales are slightly better than expected.

But as Baltimore's Peters put it, "Despite our good signs, I'm still very apprehensive. The fans who

have sworn off us aren't making any noise. They're just quietly ignoring us."

Second, baseball is, in the words of Smith, "finally willing to take about its real problems... and in baseball, that's a step forward."

A Cool Approach

The 12-member restructuring committee, which has commissioned The Wharton School of Finance to study baseball, is trying to take a cool, temperate approach.

So far, most of the public talk coming out of the committee is about innocent-sounding proposals — boring but dollar-wise matters such as pooling all transportation costs, centralizing purchasing and marketing, having a director of television and such.

Even more ambitious suggestions are wrapped in lamb's clothing. George M. Steinbrenner, 3d, the owner of the New York Yankees, wants a new and separate "chief executive officer" for baseball — someone with a big-business background. The Baltimore owner, Edward Bennett Williams, wants the executive council to have greater power and serve as a board of directors.

It's complex and, at this stage, vague. On each issue, according to Reinsdorf, owners line up differently, depending on what's good for them. No firm coalitions have formed.

"The one question we have to face, and we haven't faced it yet," says Smith, "is, 'Just what sort of partnership are we in?'"

That, finally, is likely to be where the "restructuring" lines are drawn — between baseball's haves and its have-nots.

As one owner puts it: "This year, we're going to have four teams — the Yankees, Phillies, Astros and Angels — with player payrolls that are bigger than the entire gross revenues of a half-dozen of our teams. That kind of imbalance can't continue."

Now, after taking a two-month strike (softened by \$50 million in insurance that won't ever be avail-

able again), baseball faces the reality that almost nothing has changed.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.



It must be (nearly) spring — why else would Rich Gossage, the star relief pitcher for the New York Yankees, be swinging a bat? The Yankees are holding workouts at Fort Lauderdale, Fla.

dorf of the White Sox, "we're doing a hell of a bad job of it. I'm amazed at the salaries I see."

If this winter's round of salary growth is baseball's latest destabilizing news, the sport has two counterbalancing trends.

First, the preliminary, perhaps overly optimistic, reading is that fans are not nearly as bitter toward the game after the strike of '81 as it was first feared. Clubs are marveling at how little negative feedback they have been receiving and report that season and advance ticket sales are slightly better than expected.

But as Baltimore's Peters put it, "Despite our good signs, I'm still very apprehensive. The fans who

have sworn off us aren't making any noise. They're just quietly ignoring us."

Second, baseball is, in the words of Smith, "finally willing to take about its real problems... and in baseball, that's a step forward."

A Cool Approach

The 12-member restructuring committee, which has commissioned The Wharton School of Finance to study baseball, is trying to take a cool, temperate approach.

So far, most of the public talk coming out of the committee is about innocent-sounding proposals — boring but dollar-wise matters such as pooling all transportation costs, centralizing purchasing and marketing, having a director of television and such.

Even more ambitious suggestions are wrapped in lamb's clothing. George M. Steinbrenner, 3d, the owner of the New York Yankees, wants a new and separate "chief executive officer" for baseball — someone with a big-business background. The Baltimore owner, Edward Bennett Williams, wants the executive council to have greater power and serve as a board of directors.

It's complex and, at this stage, vague. On each issue, according to Reinsdorf, owners line up differently, depending on what's good for them. No firm coalitions have formed.

"The one question we have to face, and we haven't faced it yet," says Smith, "is, 'Just what sort of partnership are we in?'"

That, finally, is likely to be where the "restructuring" lines are drawn — between baseball's haves and its have-nots.

As one owner puts it: "This year, we're going to have four teams — the Yankees, Phillies, Astros and Angels — with player payrolls that are bigger than the entire gross revenues of a half-dozen of our teams. That kind of imbalance can't continue."

Now, after taking a two-month strike (softened by \$50 million in insurance that won't ever be avail-

able again), baseball faces the reality that almost nothing has changed.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

dorf of the White Sox, "we're doing a hell of a bad job of it. I'm amazed at the salaries I see."

If this winter's round of salary growth is baseball's latest destabilizing news, the sport has two counterbalancing trends.

First, the preliminary, perhaps overly optimistic, reading is that fans are not nearly as bitter toward the game after the strike of '81 as it was first feared. Clubs are marveling at how little negative feedback they have been receiving and report that season and advance ticket sales are slightly better than expected.

But as Baltimore's Peters put it, "Despite our good signs, I'm still very apprehensive. The fans who

have sworn off us aren't making any noise. They're just quietly ignoring us."

Second, baseball is, in the words of Smith, "finally willing to take about its real problems... and in baseball, that's a step forward."

A Cool Approach

The 12-member restructuring committee, which has commissioned The Wharton School of Finance to study baseball, is trying to take a cool, temperate approach.

So far, most of the public talk coming out of the committee is about innocent-sounding proposals — boring but dollar-wise matters such as pooling all transportation costs, centralizing purchasing and marketing, having a director of television and such.

Even more ambitious suggestions are wrapped in lamb's clothing. George M. Steinbrenner, 3d, the owner of the New York Yankees, wants a new and separate "chief executive officer" for baseball — someone with a big-business background. The Baltimore owner, Edward Bennett Williams, wants the executive council to have greater power and serve as a board of directors.

It's complex and, at this stage, vague. On each issue, according to Reinsdorf, owners line up differently, depending on what's good for them. No firm coalitions have formed.

"The one question we have to face, and we haven't faced it yet," says Smith, "is, 'Just what sort of partnership are we in?'"

That, finally, is likely to be where the "restructuring" lines are drawn — between baseball's haves and its have-nots.

As one owner puts it: "This year, we're going to have four teams — the Yankees, Phillies, Astros and Angels — with player payrolls that are bigger than the entire gross revenues of a half-dozen of our teams. That kind of imbalance can't continue."

Now, after taking a two-month strike (softened by \$50 million in insurance that won't ever be avail-

able again), baseball faces the reality that almost nothing has changed.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

dorf of the White Sox, "we're doing a hell of a bad job of it. I'm amazed at the salaries I see."

If this winter's round of salary growth is baseball's latest destabilizing news, the sport has two counterbalancing trends.

First, the preliminary, perhaps overly optimistic, reading is that fans are not nearly as bitter toward the game after the strike of '81 as it was first feared. Clubs are marveling at how little negative feedback they have been receiving and report that season and advance ticket sales are slightly better than expected.

But as Baltimore's Peters put it, "Despite our good signs, I'm still very apprehensive. The fans who

have sworn off us aren't making any noise. They're just quietly ignoring us."

Second, baseball is, in the words of Smith, "finally willing to take about its real problems... and in baseball, that's a step forward."

A Cool Approach

The 12-member restructuring committee, which has commissioned The Wharton School of Finance to study baseball, is trying to take a cool, temperate approach.

So far, most of the public talk coming out of the committee is about innocent-sounding proposals — boring but dollar-wise matters such as pooling all transportation costs, centralizing purchasing and marketing, having a director of television and such.

Even more ambitious suggestions are wrapped in lamb's clothing. George M. Steinbrenner, 3d, the owner of the New York Yankees, wants a new and separate "chief executive officer" for baseball — someone with a big-business background. The Baltimore owner, Edward Bennett Williams, wants the executive council to have greater power and serve as a board of directors.

It's complex and, at this stage, vague. On each issue, according to Reinsdorf, owners line up differently, depending on what's good for them. No firm coalitions have formed.

"The one question we have to face, and we haven't faced it yet," says Smith, "is, 'Just what sort of partnership are we in?'"

That, finally, is likely to be where the "restructuring" lines are drawn — between baseball's haves and its have-nots.

As one owner puts it: "This year, we're going to have four teams — the Yankees, Phillies, Astros and Angels — with player payrolls that are bigger than the entire gross revenues of a half-dozen of our teams. That kind of imbalance can't continue."

Now, after taking a two-month strike (softened by \$50 million in insurance that won't ever be avail-

able again), baseball faces the reality that almost nothing has changed.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamark



leech-like to sound. I began to listen to everything. I probably hoped that after he'd heard them and washed them down

leech-like to sound. I began to listen to ev-

## PEOPLE:

*La Scala Reschedule  
Opera With Caballé*

Monserrat Caballé will star in the Donizetti opera "Anna Bolina" at La Scala after all. The Spanish soprano was to have sung it at the opera's opening in Milan Sunday but called in sick at the last moment. La Scala tried to substitute U.S. soprano Ruth Falcon, but the venerable theater's chic first-night audience was not amused, forcing cancellation of the performance with unbecoming catcalls, hoots, whistles and boos. La Scala officials announced that the opera will be staged this coming Sunday with Caballé in the title role.

Actor Lee Majors decided to let his former wife Farrah Fawcett have their \$2,375-million Hollywood Hills house. Fawcett will pay Majors half the value of the house to get sole possession. Los Angeles Superior Court Judge Harry T. Shaffer, who granted the couple a divorce Tuesday, had declared the house community property, but said he wanted to visit the 10,000-square-foot home before deciding on possession. The visit became unnecessary when Fawcett's attorney informed the judge that Majors had met with Fawcett and agreed let her have the house.

Buckingham Palace rebuked two British newspapers for publishing pictures of Diana, Princess of Wales, nearly six months pregnant, swimming and sunbathing in a bikini in the Bahamas. A palace spokesman said it was tasteless and had upset Queen Elizabeth. The spokesman said the telephone switchboard at the palace had been jammed with calls from people complaining about the photographs. The pictures were carried in the Sun, Britain's biggest-selling daily, and the Daily Star.

Former Gov. George Wallace plans to comply with an Alabama state Ethics Commission ruling that he must drop one of his two state paychecks, an aide says. The commission decided that Wallace's \$18,000-a-year job as counselor to Gov. Fob James conflicts with his \$68,355-a-year post as director of rehabilitation services for the University of Alabama at Birmingham. Elvin Stanton, a Wallace aide, said the former governor "has no problem" with the ruling. "He'll do whatever the Ethics Commission wants him to do." He would not say which job the governor would give up.

**REAL ESTATE  
FOR SALE**

**USA RENTIDENTIAL**

**\$15.2 MILLION Investment Needed**  
**HIGHLAND PARK, ILLINOIS, U.S.A.**  
Developers seek investors to jointly  
formulated municipally supported office  
rational center. Effluent North Shore  
Chicago suburb. Ample parking  
\$15,200,000 (U.S. Dollars). Investor may  
receive 10% preferred on equity plus  
50% ownership. Information confidential  
to qualified parties. All inquiries will be  
conducted with confidentiality. Other  
developments also available.

**DEVELOPMENT GROUP, INC.**  
5226 W. DEMPSTER  
MORTON GROVE, IL 60053 U.S.A.

**you find  
in USA  
Beers &  
Bottles, 189  
No. 401, 5  
apartments,  
2  
In zones, 2  
Bringing  
new labor  
immediately  
to ref. 4**

**Kennedy  
McIntire  
116 both  
Palmac  
Shihen  
Schubert  
Building  
Bureau,  
Bos.**

**14400  
Ranch  
Ranch  
River fronting  
Long term lease by AAA tenant.  
Only \$75 per acre with partial  
leasing of 2226  
Contact  
UNIVERSITY 3  
3030 University  
1050 Broadway, Brigham  
City 6449 NE 446 Telnet 23 304.  
Tel: 644 96 36**

**Harry S. Miller Company  
of Dallas and Houston,  
Dallas, Texas  
based in the Southwest USA**

**PROPERTY NET INCOME  
\$ 63,700 per year  
Net long term lease providing yearly**

[illegible][illegible]

**PREMIER**  
L.A.  
fully  
furnished.  
Arizona  
245,500  
with  
L.A.  
4,300  
monthly.  
AVAILABLE  
ONLINE

**REAL ESTATE  
TO RENT/SHARE**

**FRENCH PROVINCES**

**COTE D'AZUR** New 3 bedroom,  
bathroom w/lo, double living, garage  
1172 Edgewood Way, Salem, Oregon  
Tel: 703/321-7132

**PAGE 13  
FOR MORE  
CLASSIFIEDS**